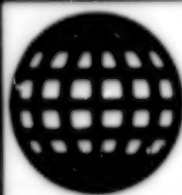


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Article Views Rising Crime, Law Enforcement

AL0805120192 Tirana ALTERNATIVE SD
in Albanian J Apr 92 p 1

[Article by Dr. Apollon Baci: "Crime, the Rule of Law, the Citizen"]

[Text] The absence of public order is at present one of the most principal concerns, not to say the foremost. This absence weighs heavily not only on the policeman, whose life is surgically being threatened with each passing day, but also on schoolchildren, workers, intellectuals, peasants, and, in a word, on all Albanians. Fear for one's life is the immediate pain caused by this wound, but its poisons act throughout the entire social organism by transfixing and paralyzing it. Alongside the apathy toward work, the hesitancy caused by the exodus, and the hesitation to start firms, this absence also prevents foreign investments, which are the only possible means of saving us from an economic marasmus. A businessman from Texas formulated his refusal to invest in Albania like this: "If you are setting fire to your schools, why should you spare my factories?" The comparison "An investor is like a deer. Both vanish at the slightest noise," in Genscher's. We lack neither torments, nor gunshots in broad daylight and even more in the night. Asked what problem worried him most, a citizen from Ballsh answered, almost shouting, public order. Somewhere nearby, the silence of the night was broken by machine-gun fire. His reasoning was as simple as it was convincing: "What use to me are low prices and a good job if they kill me?" Such reasoning ignores all the inhabitants of the city and nearby villages and also three-fourths of the inhabitants of the authoritarian mountain villages who were questioned on this to list the absence of public order as the most important problem. This questionnaire thus expresses an all-Albanian anxiety which demands a quick and fair solution.

If, until four or five years ago, Albania was the first in Europe for its very low rates of crime and violence, why have crime and violence developed so explosively? Who are the authors and organizers of the crime and violence? Is this crime crystallized and organized or is it random and spontaneous? How can we regain the lost calm without going off the rails of democracy? It is up to specialists in this field, lawyers, police experts, and sociologists to be the first to raise these questions. The importance of reestablishing public order requires someone, even with defective knowledge and nonprofessional training, to take courage and light the spark of discussion.

Crime Rates and Characteristics

Compared to 1985, murders have increased tenfold, almost one per week and lately nearly one per day. This gives Albania an honorable place in Europe as regards the number of crimes per capita. Our nearest rival is Italy, with one-fifth of the number, though it is helped by the Mafia and Cosa Nostra.

The crime and violence in the city differs from that in the countryside. They differ only in the sudden concentrated operations to loot the material goods that are brought by road and are stored in warehouses or schools. Typical for

our countryside are murders over field boundaries and blood revenge. Of these, the first have at least an explanation, however cruel, i.e. people's eyes must open when faced with private property or the relevant institutions are clumsy. However, bringing back blood revenge from the ghastly darkness of medieval times surprises one. Why should anyone avenge someone murdered before he was born, when the murderer has lived alongside him all the time? One is involuntarily reminded of the naive and paradoxical idea that "Reconciling blood leads in Kosovo to genocide against the Serbs" and of the brutal supplementary implication "because you are not killing each other, you will have us to deal with."

Such phenomena belong to the customary law, the Canon of Lekë Dukagjini, which is the most classic index of the absence or nonfunctioning, or more precisely the unwillingness to have a law-governed state.

In the towns, violence and crime have become savage, presumptuous, and all-powerful. Although burglaries of apartments have abated somewhat since the "black market" reduced the value of people's salaries and second-hand electrical appliances, they still continue. However, the burglars no longer have the patience to wait until the householder leaves. They simply enter, if you are fortunate, they threaten you with weapons, and, if you are not, they kill you in cold blood, as in Berat last week. Blind crime has come to the fore. It can strike anyone, anywhere, at any time, and for any reason or for none—a school pupil or Shkoder, an electrician in Tirana, a policeman at the student campus. Alongside this, "dark forces" have in the last two years joined political crime to give a flavor of violence, devastation, and murder. Political criminals can camouflage themselves very easily among the many crimes without a reason, like those who dragged through the dust the bronze Moloch of Enver Hoxha. In the end, it is hard to tell the difference in the night between the blue trousers of a riot policeman (who has come to treat someone acting in self-defense and without weapons) from the blue jeans of someone else. The street terror has to a large extent come to justify the slogan, "There was plenty of peace in Enver's days." It is a liberated and manipulated people, rather than the standard slogan, "This is what democracy has brought us," that really encourage crime. The phrase, "If we had behaved like you, we would have become like you" applies to the prisoners of conscience and not to the dynasty and its rapacious suite that imprisoned them and whose specialty remains political violence.

Criminals and Their Social Structure

Criminals in the towns, mainly aged between 17 and 27, belong to the generation of "latchkey children," who only saw their parents at supper, when poverty forced them into close quarters with each other, or on Sundays, when the frustrations of the week were vented on their backs. They belong to the generation since 1968, when the "Asianic reforms" destroyed the authority of schools and the Army and removed the moral restraint of religion. This was the time when there were no more jobs and the only place for entertainment or learning was the sidewalk, where a single bad apple was enough to corrupt a basket of unexamined

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young people. All these things, finding responsible persons, created and suppressed in the subconscious a whole gallery of monsters whose sole guardian was fear. When fear vanished, the border between consciousness and the subconscious also disappeared, and the monsters prevailed over reason. The criminality this has caused has now grown past its initial stage, and groups in large cities such as Tirana have grown from four or five people to 40 or 50. Crime now has a rudimentary hierarchy: a kind of moral code, and primitive logistics. However, it lacks strategy, is overt and recorded, and in terms of numbers involved falls short of crime of the Cosa Nostra kind. Above all, there is a lack of what Mafia bosses call "cravella" or brains. However, the main lack preventing its crystallization into a profitable industry with an unbreakable structure paradoxically is the cause that gave it birth: poverty. If this prosperity comes tomorrow before crime is first eliminated, organized crime and its inseparable associates, drugs, professional prostitution, and kidnappings, are guaranteed. This will be a wound that will be impossible to heal in the future.

Shortcomings and Failures in Eliminating Crime

If an ordinary infection demonstrates and a doctor does not cure it, nobody blames the streptococcus but the doctor. The Public Order Ministry is the doctor for the elimination of the infection of violence and crime. Who is therefore at the root of this incompetence, are the causes objective or subjective, and, if they are subjective, what hides behind them?

One of the objective reasons is the release of culprits by the investigator, perhaps out of indifference or because of bribery. When a policeman is threatened the next day by a just-released criminal, this inevitable, renders him impotent and turns him into a mere spectator. However, this investigator, too, has his superiors in the president and the Socialist majority in the parliament, who can at least be blamed for lack of coordination. It also hardly helps when the occasional Democratic Party deputy stands up and, without being well-informed about the incident at Karter, turns the criminals into heroes and blames the police when they acted fairly. However, the use of this incident to justify inertia was equally damaging.

The other main reasons cited by public order officials in the parliament and in television interviews are lack of personnel and equipment and low educational and professional standards. How far do these excuses hold water?

The number of policemen and rapid-deployment forces per citizen is now one to 50, which is 1.7 times higher than the highest ratio in Europe, in Italy (1 to 29) [figures as published]. If we bear in mind the density of police in the towns, the ratio for Tirana is one to 60, which is 4.2 times higher than in Italy. Nevertheless, anybody who knows Tirana knows that the police and darkness are not often seen together.

Beyond all doubts, our police lags far behind Europe in their equipment. However, it is also beyond all doubts that crime among us is much less sophisticated than in Europe. This raises the question of to what extent the police use the

resources available to them. For example, the preparations for the amazingly synchronized attacks on the warehouses in Pograd, Lushnje, and elsewhere were known three days beforehand. I do not think that you need to be a police officer to realize that an offensive by an unarmed crowd can be broken up by dogs, water cannon, and tear gas, and without firearms. Even though the border guards' dogs have vanished along with the border and the firearms are not working, there is still gas. The depots are full of gas, and a tear gas grenade costs no more than \$4 or \$5. Twenty or thirty attacks can be repulsed by 100 to 150 such grenades. This raises the question of why people's lives, first of all those of ordinary policemen and officers, should be put in danger simply because of an inability or unwillingness to find \$500 to \$600.

Although the minister said of his policemen that they are untrained peasants, Albania is the only country in the world where the most ordinary policeman is more cultured than a minister with eight grades of elementary school or S. Sieriani, the welder and Politburo member. Despite the myth that European policemen are educated at college and speak three or four languages, I have so far not met a German, French, or Italian policeman who knows any language but his own. That would in Albania have been enough to become a minister like S. Sieriani, but not a policeman, who requires at least a secondary education. The Albanian police are therefore among the world's more educated, and if anybody lacks the right to complain about their professional training, it would be the Public Order Ministry, which controls the police school. It is perhaps worth mentioning here that the German Bertha, the elite of the U.S. Army, receive four months of training.

A number of other questions are also hanging in the air. These include inadequate supervision, failure to rigorously enforce the law on the carrying of weapons without a license and the failure of men who are no longer active servicemen to hand over their weapons. The murder of the policeman in the student campus could have been avoided if the murderer, a former policeman, had handed in his weapon at the end of his service. The seriousness of the issue of carrying weapons without licenses has been shown by the incident in which an armed group even held up the justice minister. The release by the police of one of the delinquents who was caught gives rise to a certain suspicion. The refusal of the police to seize him again "because they did not know him" increases this suspicion, and the arrest of the entire group for eight hours turns it into a solid conviction. The police knew this group well.

Referring to a questionnaire before the elections, five out of seven policemen expressed themselves in favor of democracy, one was neutral, and one was for socialism. However, there is no lack of radical conservatives at the top, who no more than one year ago wanted to launch the "transition to the achievement of Comrade Enver" up to President Aka. If we embark from the principle of "nobody acts against himself," this, in this case at the very least suggests clumsiness.

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Regaining Lost Calm

The aforementioned description presents only an insignificant proportion of the problem in all its complexity and importance. Speedily eliminating these phenomena and their causes will require drastic pruning of the parasitic branches and those that nourish them with charminess, incompetence, and obscurantism, but without in any way cutting into or destroying the trunk. He who carries out this pruning and sets a faulty machine in motion, replacing moldy ideas with up-to-date thinking and solving today's problems without forgetting those of tomorrow, must be vigorous, careful, and balanced in both thought and action. The view expressed in an article in KOFIA, JOSE, that the future minister of public order must be able to down the

occasional glam with the crime bosses in order to bring them back to the paths of righteousness, leaves you open-mouthed.

I think that this is the most delicate post today, perhaps more important even than that of the prime minister. Its holder will either rescue us from physical, psychological, and economic chaos or will plunge us irrevocably into it.

At such times, societies have found able people. As interior minister, President Compa smashed the Red Brigade. As CIA chief, President Bush began to bring down and destroy communism. I think that there is no lack of such people in our society.

Developments in Banking, Consolidation Company

Postal Bank

92B-00762A Sofia BULGARIAN BUSINESS in Bulgarian
2 Mar 92 p 6[Article by Ekaterina Panayotova and Ventsislav Karlov
"Bulgarian Postal Bank Develops a Strong Branch Office
Network"]

[Text] The Postal Savings Bank was founded on 1 April 1866, and the Postal Check Service was created in 1926—a financial institution offering such modern services for the times as postal traveler's checks, disbursement accounts for physical persons, and so forth. In 1951, by the decision of the Council of Ministers, the Postal Savings Bank and the Postal Check Service were closed and their assets and liabilities taken over by the newly founded State Savings Bank. Forty years later, on 2 April 1991, the Bulgarian Postal Bank (BPPB) was created, with a fixed capital of 60 million leva, by agreement of the Committee for Communications and Information (KSI) and the Peoples' Palace of Culture (NPK).

The Bulgarian Postal Bank is a corporation with full government participation; the shareholders are the KSI—40 percent of the fixed capital, post offices and telecommunications—40 percent, and the NPK—20 percent.

The Bulgarian Postal Bank differs from branches of the same name in Europe in that it offers a full range of bank services in leva and foreign currency—term deposits, payments in leva and hard currency in the country and abroad, buying and selling and exchanging hard currency, credits, and loans. It is one of the 14 banks in our country that have a full license for carrying out bank activity on an international level. The BPPB is not yet a member of the SWIFT telecommunications system, but it has announced a desire to participate, and this will take place in the beginning of 1993. According to Mr. Miroslav Andreev, an expert in the "correspondent relations with foreign countries" department, the international activity of the bank takes place in the following directions:

- The BPPB already has correspondent accounts in 16 banks in Europe and the United States, including:
- American Express Bank Ltd., New York, in U.S. dollars.
 - American Express Bank GmbH, Frankfurt am Main, in German marks.
 - American Express Bank, Ltd., Vienna, in Austrian schillings.
 - Kreditbank, Brussels, in ECU's.
 - Kreditbank, Brussels, in French francs.
 - Kreditbank, Brussels, in Belgian francs.
 - Swiss Bank Corp., Zurich, in Swiss francs.
 - Swiss Bank Corp., New York, in U.S. dollars.
 - Lloyds Bank PLC, London, in British pounds.
 - Den Danske Bank, Copenhagen, in Danish kroner.

- Banque Nationale de Paris, Paris, in French francs.
- Cariplo, Milan, in Italian lire.
- DG Bank, Frankfurt/Main, in German marks.
- Crédit Lyonnais, Paris, in French francs.
- Nordbanken, Stockholm, in Swedish kroner.
- Banco Bilbao Vizcaya, Madrid, in Spanish pesetas.

The BPPB has established contacts with the Finnish, German, Polish, Austrian, and Hungarian postal banks. Quite recently, it was visited by representatives of the Dutch Postal Bank, who shared their experience in the exceptionally effective endorsement system they use. This system makes it possible to perform an enormous number of bank services for physical and legal persons. It is attracting an enormous number of clients and, from that, comes reserves. The system also offers insurance services.

The BPPB has the ambition to fill a vacant space in the bank market—namely, servicing physical persons and small and middle-sized businesses—which differs from the other commercial banks. The advantage of the BPPB, as Mr. Andreev points out, is that it is closely fitted into the structures of the postal services—that is, an established fund in the country is available. Moreover, it implements its bank services by using the telecommunications connections of the KSI that have been created. A great advantage of the bank also is the presence of personnel in the post offices for whom large-scale bank operations are not a problem. All of this opens great possibilities for rapid establishment of the branch network of the BPPB.

For now, the structure of the BPPB is as follows:

A central administration in Sofia, which develops the strategy of the bank and administers the remaining levels. It summarizes and analyzes the information coming from the lower levels. The central administration also carries out the relations of the bank with foreign financial institutions and controls the monetary activity.

Regional branches in the administrative centers of the country (approximately 30 are envisioned), which present a full range of bank services. They work under the conditions of limited financial autonomy. The regional branches organize and control the activity of the subsidiaries and the agencies in the region.

Subsidiaries (intermediate links between the regional branch and the agency of the bank in the post offices). There will be approximately 130 of them, and they will have a limited range of activity: receiving deposits, opening accounts of physical and legal persons, payments in leva, granting credit, and so forth.

Agencies of the bank in the post offices, which are to be about 3,000. The following services are performed in them: deposits of physical and legal persons and cash payments.

According to Mr. Andreev, the creation of a branch network covering the territory of the whole country

will take up to two years. To convert the ambitions of the bank into reality, it is necessary to become fully computerized.

The Bulgarian Postal Bank reports good results for the past fiscal year 1991. For the six months of its existence: —The capital introduced into the bank has doubled and has reached 53 million leva. —The funds attracted have reached 456 million leva. —The fixed capital at the end of 1991 represents 11 percent of the funds attracted to the bank. —The balance profit realized is 25 million leva. —The credits granted represent 72 percent of the capital and the attracted funds. The interest on the credits is between 60 percent and 62 percent, some of the highest in the country, because the BPPB receives its credit reserve by attracting funds from companies and citizens. —Five branches—in Sofia, Blagovgrad, Ruse, Pleven, and Plovdiv—17 subsidiaries, and 239 agencies have been established in the country. —The total number of bank accounts that have been opened is over 50,000.

The increased tax on the profit of the banks will not deter the development and strengthening of the BPPB. Mr. Andrey Andreev emphasizes, "In normal countries, don't the banks always stand behind the government, also protecting the interests of their clients?" he asks.

First Private Bank

92B09762B Sofia DELOVT SVYAT in Bulgarian
27 Mar 92 p 1

[Interview with Ventsislav Youslov, president of the Governing Board of the First Private Bank, by Boyka Mitseva, place and date not given. "The Voice of Confidence Is a Right of the Shareholders"]

[Text] [Mitseva] Mr. Youslov, recently the free Bulgarian press has not been favorably inclined toward the First Private Bank. Certain activities and contacts of its leadership are being called into question. What is your position?

[Youslov] Apropos of this, the following anecdote is going around in banking circles. Some colleagues began to be upset by the fact that the First Private Bank is always referred to on the first pages of all the newspapers. They met to consider how to act so that something also was published for them. What they thought up I do not know, but...it is obvious. I think the journalists have a right to present what they deem to be information. In this case, a good free advertisement of the bank connected with the name of a strong trade union was made. Our opinion is that the Podkrepa labor confederation is one of the guarantees for the rapid development of our country to a free market economy, but the supervisory council of the bank still has not declared itself for the collaboration between us and the main office.

If the First Private Bank or the People's Bank are on the front pages, it does not matter because, in the next 10 years, we intend to become the First Private National Bank. I have before me only the problem of starting real

changes that will provide a possibility for private businessmen to be profitably employed in market conditions. Being employed for themselves, they will also be employed for the state.

[Mitseva] Don't you still think that the situation will be reflected on the shareholders of the bank?

[Youslov] I do not think so because people are showing more and more interest in share participation in our bank. Many private companies want to buy a larger share than the preliminary package of shares. This confirms the good name of the First Private Bank in the country. But, at the time we established it, we decided that the bank was to have a popular nature, that many people would participate in it. We count on our shareholders to understand and to take our position.

[Mitseva] Do you consider that the legitimate organizations of private businessmen are collaborating sufficiently actively with the government and the commissions of the National Assembly in the preparation of laws important for the economic reform in our country?

[Youslov] I cannot determine precisely how much our voice is heard, but, in practice, we are invited to all commissions discussing individual laws and texts of them. I can definitely say that in private business they pay attention to words, but, in practice, up to now there have been no real results.

[Mitseva] Then what is your position on the already passed Banking Law?

[Youslov] For the time being, I will refrain from a detailed discussion because the law still has not been published in DURSZHAVEN VESTNIK—that is, it has not gone into effect. Our position with respect to it was expressed repeatedly in the press and in official letters to the National Assembly and to the depositor BNB [Bulgarian National Bank]. First, there is a very great range of activities for which it will be necessary to seek permission from the National Bank. Second, the law does not specify the qualification requirements, the work dates in the banking system, and other criteria for the activity of the banks. We have turned attention to these things, which should be settled with individual legislation. If this is not done, the Governing Board of the BNB opens a door for different interpretations.

[Mitseva] Will the First Private Bank be sufficiently competitive, given the prospect of invasion of capital of strong foreign banks?

[Youslov] We even await them eagerly. For two years already, we have been working in conditions of real competition. We think we are ready to try our strength even against external competition. Our bank has been operating for a year and 10 months, but we have accumulated a fair amount of capital. It will allow us a stable position in our market and a working partnership with even the largest banks.

[Mitseva] What aspects of your activity will you report to the shareholders at the second annual meeting on 24 March?

[Yonchev] The distribution of the funds and the profit is the exclusive right of the shareholders meeting, and I would not want to take it away from them. We will propose for discussion 42-percent dividends, which is a little above the average interest percent for the past year for citizens deposits in all banks. It is known that the fixed capital of the bank will increase to 500 million leva in the coming years, which was voted at the previous general meeting. At the moment, 52 branches of the First Private Bank are operating or are in the process of being built throughout the country. In the supervisory council, which will be elected, a program for opening 60 more branches and agencies will be proposed. The number of the physical and legal persons, shareholders of the bank, is already more than 4,000. At the meeting, they will be able to see an advertising film, made at our direction, which shows part of the multifaceted activity of the First Private Bank. I do not want it to seem like boasting, but the representative of our supervisory council, Mr. Christo Marinov, expressed the opinion that many of our branches—with respect to both the decor and the level of services—are worthy of the center of the city of London. Already more than 40 of our specialists have studied abroad with stipends from German, British, U.S., and Italian foundations. By 1 May, the Sofia branch will be equipped with original IBM equipment, and later the remaining branches in the country will be.

[Mitseva] Do you expect uncomfortable questions at the general meeting about the retirement of members of the supervisory council?

[Yonchev] Every member of the leadership has a right to apply for retirement when he wishes. I am ready to answer all questions, this is part of the rights of our shareholders. I cannot say that I personally have worked badly under the leadership of the supervisory council. On the contrary, we worked in collaboration and understanding. I assume that some of our problems arose as a result of political disagreements and that this is characteristic of our whole social and economic activity and the transitional period toward a market economy.

Preventing Failures

92B076X Sofia DELOVA SVET in Bulgarian
20 Mar 92 p 7

[Article by Maria Georgieva "The Bank Consolidation Company Was Created To Prevent Bank Failures From Being Connected"]

[Text]

This Is Not a Requirement of the World Bank, but Our Own Idea

The leadership of the newly created Bank Consolidation Company reports that there are 74 commercial banks in the country with a fixed capital of 5.5 billion leva. The

corporation capital of the banks registered in our country is 2.5 billion leva and the credit deposits approximately 92 billion leva.

Seventy-three percent of the credit needs of the businesses were formerly met by means of state planning. Who will fill this vacuum today? "The banks continue to serve these credits, but, at the same time, there is no fund for replenishing their reserves. The pockets of the banks are empty," stated Mr. Petko Kladafchiev, one of the three members of the Governing Board of the Bank Consolidation Company.

On the agenda after the failure of the Yambolska Bank is the failure of the bank in Bobov-dol. "The bank in Bobov-dol is the most striking example of the condition of the Bulgarian commercial banks," declares Mr. Elen Georgiev, a member of the Governing Board. Bad management, bad assessment of the situation. The interconnection of the banks in the country is particularly dangerous. One bank can drag down all the rest after it.

These numbers and examples were cited as some of the arguments for the need for the creation of the Bank Consolidation Company. It is a holding company, and its chief founding members are the Bulgarian National Bank (BNB) and the Bulgarian Foreign Trade Bank (BVTB). The basic task of the holding company is to act to create an effective bank system and to enlarge the commercial banks, as provided in the charter of the company.

For the time being, the founding members, the BNB and the BVTB, have exchanged their shares in the commercial banks for shares in the Bank Consolidation Company. In this way, the company becomes a shareholder in the commercial banks and will be able to influence them through its voting right. This right will be increased after the state enterprises and other legal persons with state participation by the force of government regulation transfer their shares to the Bank Consolidation Company. According to the quotations taken from the shareholders record in 74 commercial banks, this is a matter of some 1.8 billion leva of state capital. However, this number is approximate. Thus, the holding company will have the last word and will begin restructuring the banking system.

According to Mr. Mikhail Yankov, a member of the governing board, this approach brings several advantages. "Clearly defined responsibilities. Possibility of profit from the growth of capital. Breaking up the tangled relations between the banks, the shareholders, and the clients."

It is estimated that the restructuring will begin with the group of banks that suffer the most from credits that are hard to collect and unaccountable. This will take place after an examination of the credit portfolios of the banking institutions.

After their merger, there will be eight, 10, or 12 banks, more or less—I do not know. The members of the governing board did not commit themselves to specific numbers. "The goal is to make the banks healthy and stable. It will be mandatory to have branches of two banks in a city."

which will compete with each other. There will not be a central administration," Mr. Elen Georgiev declares.

The creation of the Bank Consolidation Company is not at the request of the World Bank. It is an idea of the leadership of the BNB. According to the experts, the bank holding company often is used in world practice if it is necessary to reorganize the bank system.

The privatization of the banks is among the goals of the holding company. There are still no legal basis or financial tools for this. For the time being, the Bank Consolidation Company will strive to consolidate the banks in our country so that they will become more tempting for privatization, the leadership of the holding company reports. Let us hope that this will not turn out to be too late.

Program Needed

92B0762D Sofia DELOVA SVYAT in Bulgarian
20 Mar 92 p 2

[Article by Mariana Kheisova, "Bank Consolidation Without a Preliminary Program"]

[Text] For more than a month, we have enjoyed the presence of the corporation of the Bank Consolidation Company in our financial life. It is sufficient time for the BCC (it is not known why all the "governors" of the company have taken this abbreviation for the corporation) to begin to act. The cofounders, the BNB (Bulgarian National Bank) and the BVTB (Bulgarian Foreign Trade Bank), already have transferred their shares from the local commercial banks to the new company. These amounts to respectively 748,936,000 leva of the BNB and 181,270,000 leva of the BVTB. Added to these is the 3-million-lev monetary contribution of the BNB, in order to form the fixed capital of 933,206,000 leva.

Meanwhile, the Council of Ministers has ordered the state companies to transfer their shares from the commercial banks in the country to the VSS by the middle of the year. Their value is approximately 700,000,000 leva. The decisions at the general shareholders meetings are taken with an ordinary majority—that is, here the votes of the state companies and those with predominant state participation do not carry extra weight. Only when it is a matter of changing and amending the charter of the company, increasing or decreasing the capital, reforming and discontinuing the company are two-thirds of the votes—that is, from the owners—needed. Otherwise, the activity of the company comes down to:

"1. Acquiring, controlling, evaluating, and selling shares in local commercial banks.

"2. Organizing and exercising oversight in the reorganization of banks in which it has acquired controlling shares.

"3. Organizing and/or participating in financial restructuring of individual banks.

"4. Privatizing the banks in accordance with the legislation in effect."

That is, these problems will be solved by the state and, more precisely, by the representatives of the government. The fears that the BCC will interfere in the work of the banks and will dictate mergers and privatization to them in accordance with its views are based, at least at this time, on this voting mechanism. The actions the company may not take are spelled out in Article 4 of the charter of the BCC. These exclude actions that lead to limitation of free bank competition, independence of the banks in their operative activity, not to divulge bank information, but, behind every text, stands the specification: "except if this is not connected with carrying out their goals." However, if a given action does not answer the goals, the majority in the general meeting will decide.

Up to this moment, no one from the leadership of the BCC promises any more specific enumeration of the steps the company will take. It is not clear on what principles the enlargement, "merging," and so forth of the banks will be carried out. Even less is it clear how they will be privatized. Will we have state banks or at least banks with predominant state participation? What will become of the shares of the government companies, which will be privatized during the period of existence of the BCC? Whose property will they be? And, if the shares are included in the "assets" chart of the companies, what rights will their new owners have in the case of the privatization of the enlarged banks? What will the interrelations of the BCC be with the private shareholders at the stage of the privatization of the banks if share participation in the enlarged banks is acknowledged? Because an answer to these questions will not be obtained from anyone at the moment, we decided to place our trust in the "memorandum" of the mission of the World Bank of the end of February of this year. Still, all justify themselves that the World Bank has imposed the operation of the BCC upon us almost forcibly.

This is what the experts of the World Bank say in the section "Reform and Development of the Financial System."

"A number of agreements, the implementation of which is taking more than the time envisioned, were achieved in the first installment of the SAL [agreement unknown]. Thus, the investigation of the basic problems of the bank system has not yet begun. In spite of this, the BNB has finished the evaluation of the proposals and is in the last phase of selection and signing a contract (editor's note—that is, whoever receives the contract will also determine how our BCC will act to implement the goals already cited). We direct the attention of the BNB to conclude this process more rapidly. The important thing is to complete the study in order to create a basis for the operation of the Committee for Bank Consolidation." Moreover, the BCC is encouraged to insist on a more rapid arrival of its administrative adviser—a foreign expert. Still, it is necessary to solve the problems with the chancery, personnel, a policy for action."

But the memorandum also says, "The mission met with representatives of the banks that intend to merge under the supervision of the BCC. The BCC strengthened with the

expected foreign expert, could play an important role in assisting and facilitating this important initiative."

But the nine banks in question from October of last year have lodged with the Governing Board of the BNB (we did not yet have the BCC, although everyone spoke about it) a "Proposal for Consolidation of Bank Capital." It ends as follows:

"Without pretending to have made an exhaustive analysis, we consider that it may be a point of departure for reflection with respect to the general strategy of the bank and its liquidity: —Reducing the risks of the active operations of the monetary and open market. —The marketing studies. —The reasons for organizing and administering the information flows between the banks. —The systems for payments in leva and hard currency, bookkeeping, and cash operations."

The Iskar, Sliven, Pazardzhik, Pernik, Ruse, Gorna Oryahovitza, Bobobdol, Kandihsai, and Dovesic commercial

banks want to contribute, but not anyone wants to swallow the rest, in order to unite their positions in the corresponding regions, the possibilities for influencing the regional markets, and for a more stable presence of the bank in the processes of privatization.

And, because none of the nine has a license for "external operations" and, without it, any bank is "half a bank," they welcome with understanding the interest of the Construction Bank—Sofia, in their initiative. However, this interest probably has weakened with time, but, again, at the moment there are others who want to be included in the proposal. If it will succeed, if it will be accepted by the BCC, if it will be registered with the instructions the foreign consultants are preparing, we have yet to see. However, this means knowing the principles on which "the enlargement of the banks" will be based in our country. Otherwise, only the allusion the name BCC makes in our consciousness may be strengthened. It remains only to add to the English abbreviation "I."

Ministry Official Views Integration, Prospects

ALBERT (2062) Budapest, MAY 14 1991, AP.
in Hungarian, 4 May 92, p. 1.

[Interview with Foreign Ministry State Secretary János Martonyi by David Pinner, past and clear the given. "To Remain on Course Until the Big Leap"]

[Excerpt] The summit meeting of the Visegrad three [Poland, the CSFR and Hungary] concluded in Prague on 4 May with a joint political statement, in which the three members confirmed their desire to join the European Community in connection with the preparations for full membership. János Martonyi said that "the height of the bar we must jump is constantly changing, but the EC should help us to stay within range." [passage omitted]

[Pinner] Is your view privatization with a defined foreign participation is synonymous with economic modernization. However, has every political force in the government coalition thinks the same. What is your opinion about the internal debate?

[Martonyi] Although politically motivated debates do emerge occasionally, there has been a steady consensus on the basic issues of privatization for two or two-and-a-half years. Questions or pseudo-questions might be asked about the pace of privatization, about whether our privatization is too centralized or too decentralized, but to not question the concept of our privatization model, namely that Hungarian privatization is basically founded on selling. In other words, we sell our state enterprises, rather than restructuring or watering them, in the form of competition between interested parties. For about half a year the entire West has been saying that despite its obvious mistakes, the Hungarian model is the one that is functioning. One of the problems is the obviously too high percentage of foreign participation in our ventures (60-65 percent). This is also true if we consider the fact that there is also a broader privatization under way. A lot of new Hungarian ventures are emerging, and there are a few Hungarian private firms working with a capital that amounts to billions (primarily state-specified). Obviously, we must encourage and strengthen the Hungarian presence. [passage omitted]

[Pinner] You said that the West has regarded the Hungarian privatization model as viable for the last six months. For approximately the same amount of time, a surprising number of Western press reports have regarded the CSFR, including the Czech Lands, as more favorable than Hungary from the viewpoint of privatization. What is your opinion about this comparison?

[Martonyi] We must not participate in a beauty contest held in front of a Western jury. The cooperation among the Visegrad three is more important than the need to show who got higher points at a competition. It is true, this does not mean that there is no competition. Such competition also exists among the EC member states, and quite a considerable one at that. However, I would very much like to see the moment when the Visegrad three reach a development level in which they can compete with the EC, rather than among themselves. I obtained from CSFR and

Polish authorities. I will be glad to see the implementation of the formula according to which the CSFR would work catch up with Hungary in the amount of foreign investments, because both countries will then develop with an adequate dynamism. If, however, we take a look at the facts, we must conclude that until 1991, Hungary received 50 percent of the investments carried out in this region. This process continues to be rapid, and we are far ahead of our competitors. [passage omitted]

[Pinner] Do you see the emergence of any groups in the CSFR in Poland that could threaten the fastest cooperation of the Visegrad three?

[Martonyi] Poland clearly wants to strengthen the Visegrad cooperation, and the risks in principle in the economic problems and the political instability that emerged after the latest elections. Everyone hopes that the Poles will overcome their economic problems, because this is an essential condition for a greater pace of integration among the aforementioned three countries. In the CSFR, it is still an open question what form of cooperation the Czech Lands and Slovakia will choose. This is a strictly national affair, and the members will decide on this. In my opinion, a total separation will not change anything among the Visegrad three. At most, we will no longer call this cooperation a trio. [passage omitted]

[Pinner] To what extent could the sale of the Hungarian living in Slovakia affect this Visegrad cooperation?

[Martonyi] The extent to which its partner respects human rights, including the rights of national minorities, plays an outstanding role in Hungarian foreign policy. I do not think that there are serious problems with the CSFR in this respect. The presence of Hungarian national minorities in Slovakia can definitely play a positive role in our bilateral economic relations. We could mutually open up ventures in each other's country and we could bring the experiences of entrepreneurship and enterprises closer to each other. If anti-Hungarian nationalism does not put ground the presence and development of the Hungarian national minority in Slovakia could become the driving force behind this Visegrad cooperation, which is the most important for Slovakia. [passage omitted]

[Pinner] Could the Visegrad cooperation be expanded?

[Martonyi] Regarding the results achieved in political and economic restructuring, the three countries that currently make up this cooperation are at a homogeneous level that makes such cooperation possible. We are convinced that at present, only Hungary, the CSFR and Poland can cooperate successfully.

[Pinner] In other words, the focus for other states lies in strengthening bilateral relations.

[Martonyi] Definitely. Hungarian diplomacy has been trying to strengthen its relations with the other states in the region at an accelerated pace and quite successfully. I mean here Ukraine, Russia, Croatia, and Slovenia. Inter-national Economic Relations Minister Bela Kádár's recent talks in Bucharest have again confirmed our hope that Hungarian-Romanian economic cooperation has moved

in the right direction. I cannot say anything concrete about Serbia for the time being. [passage omitted]

Liberal Politician Views Place of Liberalism

(L 1805/27169) Budapest: MAGYAR HIRLAP in HUNGARIAN (1 May 92) p. 1

[Interview with Miklos Gaspar Tamas, Deputy of the Alliance of Free Democrats and philosopher, by Csaba Rejto in Nyiregyhaza, date not given. "The Essence of the Matter Is Freedom"]

[Text] The first national meeting of the liberal groups held in the provinces took place in Nyiregyhaza over the weekend [9-10 May]. Well-known politicians and social scientists talked about the notion of liberalism, the period since the elections, and about bourgeois transformation. During the break in the discussion, we interviewed Miklos Gaspar Tamas on the meaning of liberalism today.

[Rejto] To be a democrat means not to be afraid. What does it mean to be a liberal?

[Tamas] I would like to mention two important understandings. One is an attitude and an emotional disposition—the one that makes us respect the other person, even someone we do not like. Liberalism is an ability to accept people who remain outside, who rebel, or are strange, in addition to accepting the strategies of uniformity, conformity, and of wanting to fit in by all means. It is an ability to accept human diversity. This is a great thing today because the state wants to make people uniform in the interest of social stability. The liberal value system sees the necessary level of regulation differently from other political trends. It narrows down the range of things to be regulated and broadens the range of spontaneities.

[Rejto] In your lecture, you defined liberalism as a gesture, civic and attitude. Some of these cannot be learned. Does this mean that one has to be born liberal?

[Tamas] No. The tolerant and skeptical behavior that respects human diversity and that already existed before the modern political liberalism, is only a broader framework that is necessary for this to exist. However, this in itself is not a political doctrine. Some people stand for economic liberalism because they find it to be a successful technique, but otherwise they are authoritarian and intolerant. These people cannot establish a liberal society even if they would like to. Therefore, the other important element of liberalism is a group of principles. For example, one is that the law is above the state and the law and the institutions are not created merely by the prevailing majority of the legislative power. Respect for private property, private life, and the political strategy linked to this are so important that the influence of private matters and public matters are balanced in favor of private matters. Private matters, for example, are conscience, personal lifestyle, or cultural priorities.

[Rejto] How can you assess the essence of liberalism for an ordinary person?

[Tamas] The essence of liberal politics is that it leaves the citizen in peace. The liberal state will have to try to protect

its citizens from itself and from the constraints set up by other people. The essence of the matter is freedom and the method is the orderly withdrawal of the state. This does not mean that the liberal state is weak. Where it does exist, it has to be strong and determined. However, this has to be done under the control of laws and in a smaller area than people have grown accustomed to here over the centuries.

[Rejto] Are the 1990 election results in accordance with the spread of liberalism in Hungary and its acceptance by society?

[Tamas] There are some antiliberal tendencies in Hungary and we live as well as win people. This is the deeper root of the problems of the Alliance of Free Democrats. Some of the people who support liberal principles keep being replaced. However, liberal methods for living and attitudes are spreading in Hungary. This is relatively independent of our success or lack of success. The fact that, instead of submitting to making a compromise with, or bribing the state, many people take action against the state proves that the world has changed. The question remains, though, whether people who think and behave this way recognize the liberal parties as their representatives. To achieve this, it is necessary for the liberal parties to be liberal indeed and to fulfill this very real need. Antiauthoritarian, disrespectful, and practical behavior is very much characteristic in Hungary today. We must find each other officially—since we have already found each other informally.

Military Intelligence Head Views Tasks

(L 1805/0466) Budapest: MAI NAP in HUNGARIAN (5 May 92) p. 1

[Unattributed interview with unnamed head of the Military Security Office at the headquarters of the Military Security Office in Budapest, date not given. "Removed Counterintelligence Agents"]

[Text] It is not easy to enter the building of the Military Security Office (KMH), and it is impossible to lose one's way inside. It is true that there are few visitors, and there is no name-board at the entrance of this building. An escort takes care of civilians coming to and leaving the building.

[MAI NAP] You came to this position from your previous position as head of air defense of one of the Army regiments at the end of September 1990. Did you receive any extra training?

[Interviewee] No. I already had some idea of military security in my previous position. Four new types of intelligence services were created when the old forms of Interior Ministry-consolidated intelligence services were discontinued. Two civilian and two military units. My superiors thought that a soldier should be appointed as head of a military intelligence unit. When I took over the position, I started to study the operational conditions. I kept everything that I regarded as logical, and I discarded things that I regarded as illogical.

[MAJ. NAP] The various intelligence units could work together in the former Interior Ministry. What about today?

[Interviewer] The same happens today too, while we had a joint commander in the Interior Ministry, events are now working independently. On the governmental level the KBH is supervised by the defense minister, and on a professional level it is supervised by me; we cooperate with the other services in carrying out common tasks.

[MAJ. NAP] There are frequent struggles of prestige among separate intelligence units, because each of them wants to excel.

[Interviewer] I have not experienced such a struggle here nor is there any reason for this because the tasks, authority and competence are clearly regulated by regulations.

[MAJ. NAP] What is the task of the KBH after its separation?

[Interviewer] To guard the safety of the Defense Ministry and the Hungarian Army. Our activity against foreign intelligence, or counterintelligence, is our major task. In addition, we are also in charge of preserving the constitutional order, avoiding terrorist attacks, and preventing military crimes, like escapes abroad and mutiny, as well as preventing the dissemination of combat preparations. We pay particular attention to persons in particularly important and secret positions.

[MAJ. NAP] Why were the people of the former military intelligence not dismissed together with the personnel of the III/IV department in the wake of the Databerg affair?

[Interviewer] Military intelligence worked in a relatively well-determined area in the old system, too. The Army did not change essentially. An organizationally and operationally modified KBH replaced the former III/IV department that used to be treated as a foreign body, and the KBH has become a natural part of the Army.

[MAJ. NAP] Are your officers undercover agents?

[Interviewer] No, everyone within the Army knows who they are. It is another matter that they can get information from any source. In concrete cases they can even use secret methods if they get permission from the Justice Minister; they can also get information from citizens who want to help.

[MAJ. NAP] Citizens who want to help. Are they not "persuaded" to do so?

[Interviewer] It would be difficult to persuade someone to voluntarily help our activity against his will.

[MAJ. NAP] Are there such helpers among the minorities too?

[Interviewer] We welcome the reports of every citizen.

[MAJ. NAP] One can rarely hear about such things. However, one can definitely hear about denunciations.

[Interviewer] It is wrong to call citizens ready to help as preventing crime denunciations and other such names. A person who discovers a criminal intention is regarded as an honest person, right? The intelligence agencies are guarding the interests of an entire country. Think about the numbers of people who would be endangered in an aggression or conflict if an aggressor gains advantage by learning our military secrets.

[MAJ. NAP] Are there such military secrets in the case of satellites?

[Interviewer] If course. The amount and type of various equipments are no longer a secret. However, one does not know whether any improvements have been carried out in that equipment. Satellites do not see the moral and disciplinary, financial and training level of a given army unit. Nor can a satellite learn about our tactical and strategic principles. And there are many more such things. We have enough things to defend.

[MAJ. NAP] The Hungarian Army is currently being reorganized, and there is a considerable security risk involved here. Are you concerned about this?

[Interviewer] In every case, we start from the principle of confidentiality. The former type of total intelligence in which every piece of information on everyone was stored for possible use later is no longer valid. We only carry out surveillance on people whom we suspect of a crime within our jurisdiction. Those who tell the Army and put into the civilian sphere are in the jurisdiction of the National Security Office.

[MAJ. NAP] How does prevention work? It seems that you moved the military to Timbuktu.

[Interviewer] We learned about the difficult conditions there and we conveyed that information to the relevant commanders but, probably for objective reasons, an efficient government did not take place. Perhaps we should have kept a little more serious in problems. However, it is possible to measure the efficiency of prevention? For example, there are a lot of places without any murders or military crimes.

[MAJ. NAP] How do you regard the issue of patriotism in the Army?

[Interviewer] We regard regular and exaggerated socialist consumption as a security risk.

[MAJ. NAP] When did you last catch a spy?

[Interviewer] This is known. Rudolf Szatmari was arrested in January 1991 on the basis of our report.

[MAJ. NAP] Do you have similar cases?

[Interviewer] Yes, there are people whose spy-like behavior have drawn the attention of the KBH.

Officials View Industry, Trade Performance

by LOUISIANA Budapest: MARY ANN HERRICK
in Hungarian 15 May 92 p. 9

(Interview with Béla Benkő and Tamas Schagrin, deputy state secretaries at the Ministry for Industry and Trade, in Andras Kovacs, place and date not given. "Crisis Management in Industry—Successes in Trade")

[Tamas] There has been a lot of movement in the higher echelons of the Ministry of Industry and Trade (I.M.). Out of Minister Antal Pásztor had two state secretaries—István Polczakovsky and Herta Árkai—who were in the starting team. István Polczakovsky is still working at the headquarters in Mátyásföld Street. In the meantime, Árkai's successor, János Ligeti, the second administrative state secretary, has also left and the post has not been filled since December 1991. The premier minister, Imre Sándor, took office at the beginning of this year. The two deputy state secretaries carry the work done in the areas of industry and trade and the division of the two departments.

Benkő: We Have Prepared the Crisis Management Program

[Kovács] A "real" industry policy concept has been expected from the I.M. for some time but it has not been completed yet. When will it be ready?

[Benkő] If someone reads through our material prepared in the past two years, he will have to admit that our concepts have not been fundamentally wrong. However, it is certainly true that we have not always been able to implement them. As a matter of fact, based on the ideas of Minister Sándor, we started to draw up a long-term strategy in February 1992 with a deadline of September.

[Kovács] Being aware of the extent of the crisis in industry, this may seem a little late.

[Benkő] We have already completed our crisis management program but, in the interest of a more solid strategy, we also asked a number of research institutes to participate in this. The situation is made more complicated by the fact that we need a short-term crisis management program and a long-term strategy at the same time. In addition, the interests related to these do not always coincide.

[Kovács] How do you assess the past period?

[Benkő] The fact that restructuring has begun and a new and modern branch of industry, namely car manufacturing, has become established here, are positive signs. The associate membership agreement made with the EC was also an important step from the industry's point of view. Naturally, the coming competition can also present a great danger for various industries. I also have to mention the fall in industrial output which has considerably affected and the decrease was over 10 percent in 1991. Exporting output decreased the most. In my view, the fact that investments have also considerably decreased is rather dangerous because it could cause serious problems in the future.

[Kovács] The lack of developments must be just as great a problem.

[Benkő] The extent of enterprises that decreased in the areas of research and development which results in a worsening situation for the research institutes and industries in the technological aspects. The proportion of spending on research and development fell to 1.7 percent of the gross domestic product in 1991.

[Kovács] What successes and failures has the I.M. had?

[Benkő] I am not qualified to speak for the whole ministry. However, as head of the I.M., I can state with confidence that in the international trade part and for the development of enterprises we should have tried to adopt much more strongly at the interest of the existing Hungarian production capacity. We have not always managed to make the interests of industry policy prevail in preparation. An example is the case of the foreign and trade integration, in my view, the industrial crisis management program, which is in the implementation phase, is very important because it will facilitate the use of state intervention mechanisms in the case of 14 to 16 large enterprises. Rather than some kind of individual treatment or subsidies, this means the coordinated use of instruments such as loan reduction of the interest rate, or partially or fully changing the debt into a capital share. These measures can only be made in the case of enterprises that have a real market access now or in the future.

Schagrin: We Managed To Create a Better Market

[Schagrin] In my view, trade has had a successful period. It is of key importance that, in contrast to the practice of the previous decades, we managed to create a better market in a very short time, a situation where selling, rather than buying, is difficult. Many people think that these things happen by themselves if left alone, but some measures played a decisive role in creating a better market. Such were, for example, the complete liberalization of prices, the almost complete liberalization of imports, and the free freedom of enterprises.

[Kovács] Do the defenders of domestic industry have to fear the "negative" effects of liberalization?

[Schagrin] First of all, the liberalization of consumer products was carried out at the most moderate speed because quotas determined by the state were kept in many areas. Secondly, I do believe in the need for the protection of industry, but this cannot mean the exclusion of foreign products. If we really want to approach Europe, which suggests that we become part of the common market, then it is necessary for the Hungarian producers to meet the competition they will face in the light of international markets in very similar conditions in the domestic market.

In my view, in addition to the issue of Hungarian industry in the domestic market, the most important issue is that in the course of allowing them into Hungary, or trade agreements with the Western enterprises to facilitate the sale of Hungarian products in their foreign markets of choice. There are procedures for this. Therefore, privatization agreements can also involve this.

[Kovacs] What are your views on your work in the area of legislation?

[Schlager] The first important economic law was put forward previously by the minister for industry and trade, which was called the privatization law. On the basis of this, the gross amount gained from the sale of shops exceeds 7 billion forints. More than 10,000 shops had

under this law and some 1,000 of these have already been privatized using various methods.

It can be seen as a success that we have not had any serious problems in the area of trade in the past two years while privatization progressed at an acceptable speed. If we manage to finish the \$100-million World Bank loan, then the quality of all trade can be significantly improved.

Defense Expenditures, Equipment Evaluated

«*Polish Warsaw Gazette* (WYBNIK) 24 in Polish
47 p. 11-12)

Article by Bartosz Jakubowski: "Everything That Is in Our
Defense Expenditures Have Planned by 11 Percent
Since 1987"

[Text] It may be an exaggeration that, as Minister of
National Defense Jan Parys declared, our country could be
comparative to a group of two words, but by now it should
be possible to discuss whether a well-armed division might
not suffice for that purpose.

In recent years, the size of our military was nearly halved.
In the 1960's we had about 400,000 soldiers, whereas now
we have 220,000-240,000, of whom 180,000 are career
military. Less than one-half are field units, that is, combat
personnel. The remainder are quartermaster, supply, or
clerical personnel, that is, the rear echelon.

The military are urging the parliament and the president to
define clearly what should the Polish army be like and
what army the nation can afford. Were essential security to
be based on conventional alliances, the armed forces could
be smaller and less numerous (140,000 to 200,000 sol-
diers). But if we prefer a strong and independent army, it
should be larger (200,000-300,000) and better.

According to the Ministry of National Defense, Poland
spends only one-sixth to one-fifth (depending on the
dollar conversion rate) as much money per capita on the
army as Germany or France. Czechoslovakia spends on its
army about as much as we do, some \$1 billion, although it
has only one-third as much population as Poland.

It Is, It Is, Sharp As The Scythian

in 1989 maintaining the military force in terms of all
expenditures of the Ministry of National Defense, with
army purchases accounting for an additional 78 percent
shortage last year these expenditures amounted to 5.1 and
1.2 percent, respectively. The funds granted to the military
for the first quarter of 1992 indicate that even that 80
percent will be spent on maintaining the personnel bodies
of organizations. The remainder has to suffice for meeting
army purchases, equipment maintenance, and modernization.

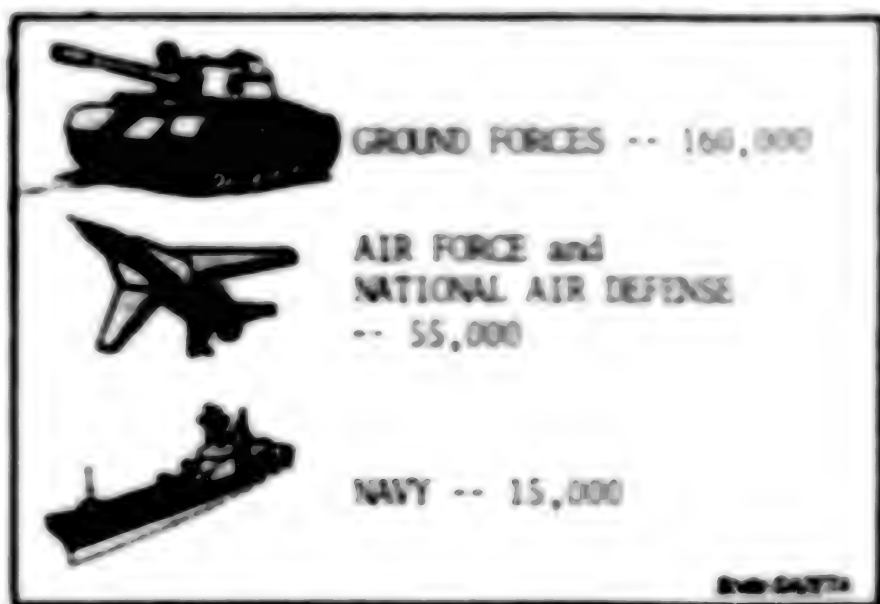
It is a single fighter plane together with the necessary
ammunition costs from 500 to 600 billion, (about 12)
depending on type. The funds allocated last year for army
purchases, repair, and spare parts would not have sufficed
to purchase one fighter plane.

These funds served to buy 15 F-17 fighters, 14 maintenance
vehicles, three maintenance vehicles, two radar
stations, and 13 truck-borne radar stations. Moreover, the
Ministry of Defense is still in arrears with payments for
deliveries made in preceding years.

So long as the Warsaw Pact was in being, all the purchases
for the Polish military had to be approved in Moscow. As
a rule, the USSR provided us with arms at least one
generation (7-12 years) old. That is why, e.g., 1 kilometer of
projectiles has nearly twice modern tanks and aircraft that we
do. The countries of the former socialist camp continue to
be largely dependent on the Soviet arms industry.

Now that finally we are entitled to buy military technology
from the West, we cannot afford it. The Hungarian and
Bulgarian military have similar problems. So far not one of
the postcommunist countries has purchased modern large
ammunitions in the West.

Polish Armed Forces stand at 250,000 soldiers



Military Expenditures per capita in US dollars



Swedish Arms, Copper The Westmen, Steel The Spots, Serve the Beloved Fatherland

The food shortage has prompted the creation of district-wide courses (the last such courses, with the participation of over 15,000 troops, were held in 1980 under the auspices of PMA-86). The training of officers has been shortened to 18 from 24 months. Reserves are no longer called. At some units the soldiers spend more time on guard duty than on exercises. And when they do exercise, they receive too small allowances of projectiles (and personnel, for example, take 40 shots per unit in the course of a year, one-half as many as their German counterparts).

Aircraft is similarly affected. In the West the average pilot has to fly about 200 hours annually, whereas our pilots average barely 100 hours a year. Since now the funds for even that may become unavailable (one hour of flight in a modern aircraft costs about \$20 million), similar problems are encountered by the navy. Even cruise, independent of, e.g., submarines, require substantial resources.

Furthermore, Polish units used Soviet Grog ranges where not many made it possible to fire antiaircraft weapons. For the time being we can know what will happen to the primary ranges abandoned by the Soviet army. The removal of shells from these ranges will be extremely costly and later constructing a single firing range takes more than 10 years to be cleared without thereby ensuring complete security. The Ministry of National Defense is considering the possibility of leasing post-Soviet primary ranges to Western armies.

The Temperament Times Engineers Is Not Serious Strong for Our Army

The ground force consists of armored and mechanized troops, infantry, artillery, and engineer units.

A strong suit of the armaments of our infrastructure is their small arms. The Kalashnikovs manufactured by the Radom Lancia Works, which also makes sewing machines, are simple and reliable. These rifles are being used from the yards of the farmers to the streets of Siberia, and they just do not fall anywhere.

Comparison was conducted by the Americans showed that Kalashnikov rifles are in many respects superior to the M-16 rifles with which the United States Army is armed. It is probably widely due to considerations of prestige that the Americans have not switched to Kalashnikovs for their army.

Armored, armed, rapid, and maneuverable tanks are considered the specialty of our army. On the field of battle they are a terrific weapon.

The Polish army has about 2,050 tanks. Under the Vienna agreement on the reduction in conventional arms (CFA) we shall soon have to reduce this number to 1,700. Also under the Vienna treaty, following detailed coordination with our Warsaw Pact partners, we shall maintain an additional 400 tanks, more or less.

Two-thirds of our tanks are Soviet T-72s. They are a modification (range 1940) of the best known World War II tank, the T-34. These tanks were trained with a crew of

No-22 assault planes (10 single-seaters and 14 two-seaters, all with variable wing positions), are considered fairly modern. They can carry more than 4 tonnes' weight of armaments. The Polish air force is also equipped with 20 specimens of an older version of that aircraft, the No-21.

The Soviet assault helicopter Mi-24 (29 machines) is of an obsolete but well overhauled design. It has proved itself in Afghanistan. The *Wprost* editor called it "the first-remaining chance."

In addition is enough for today's air force and air defence includes a radar system and missile and fan batteries, all Soviet-made and technologically obsolete.

In the other hand, Polish-made A-26 and A-28 radar systems are quite up-to-date.

I Was Ordered to Defend You or to Run on Your Behalf

Throughout the 20th century, Poland has never been a sea power. In the aftermath of World War II, four destroyers and five submarines were under the Polish flag. Our ports open to smaller coast destroyers and fleet submarines.

The flagship is the *Warsawka*, which is called a destroyer although its equipment indicates that it is primarily designed for antisubmarine warfare. This is a Soviet vessel, dated until the year 2000, built in Leningrad. Previously it had served in the Black Sea under the Soviet flag.

In addition, the Polish navy has inherited from the USSR two small submarines, with the third, the *Orzeł*, being under repair.

The auxiliary naval vessels are small missile boats, communication diversions and boomships, and patrol boats.

Of the 22 landing ships, two have remained. In addition we have three new domestically-built transport vessels.

For antisubmarine warfare, the navy operates 11 Mi-4 PT helicopters. They represent a faster equipped and properly adapted version of the well known Mi-4 transport helicopter. With the object of submarine detection these helicopters drop into the sea special floats followed by depth charges. Mi-4 PT helicopters also are used for air rescue work.

Fight On, Song of Freedom, and the Victory Is Ours

The "Patriotic-Social Campaigns for the Year 1983" are promoted by the government through studying military expenditures for 4 percent this year compared with 1981. This means the development system. "A limited setback is the personnel of the armed forces, a reduction in the purchases of military arms and equipment and hence also in the readiness level of arms and equipment, as well as shorter periods of combat training, and as a consequence, a deterioration of the army's combat readiness."

Paramilitary Organizations Regularly Examined

by Józef Maria Górecki, Editor of *Przekrój*
No. 12, 20 May 1983, pp. 12, 13

Article by Anna Wierzbicka: "Women in the World"

[Text] The Ministry of National Defense has placed Veterans' order in special care, making it an official paramilitary organization.

The first step taken by the independent Veterans' in September 1981 was rather cautious: "I agree that I would not join the K.O.B. [Committee for the Defense of Workers], this was not for me," commented Commandant Wacław Górecki. "Nevertheless, I was familiar with the K.O.B. [Committee for an Independent Poland] in underground times, but it did not have some consideration either (as an ally), or for the party people. They were a no-no. In the end, the Ministry of National Defense refused to support, preferring to spend funds on purchasing off-graduates. It seemed to protect other Communist sympathizers because the situation. Our movement was created."

During the last month, an anniversary gathering in Ławica, the commander performed a solemn ritual and something attached to his belt. Real talk came again. He had to wear a coat on his leg and run in bed. While it had to read patriotic-democratic and higher literature, such as *Comrade in a Suit* or *The K.O.B. I remained from a power hanging on the wall the face of the Great Commandant* (Polska) looked on events. My Country, open for organization in the legal, although culturally smaller time of the Polish, Britain.

For the time being its rules are growing slowly, without haste. This is good. Wacław Górecki, a familiar with, for example, the Warsaw University, University—its, are often. He noticed it, because for several years he used to sell books in front of the university gate. He personally was not involved there for had studied for a year and half in the Theological Academy in Kraków and did his military service. But as for the Polishness, it is right-ordered and a good place where to meet members for brother, but carefully or go out to admit a plan.

"It suffices to work a day, in the even and all of for a taking religious instruction," explained Commandant Górecki. "We want every people who are educated in the national Christian spirit. Attached to our headquarters is an analysis office headed by a colonel from the Academy of National Defense which gathers information. Elsewhere the name for such an office is counterintelligence."

"I started working immediately as well as being in personal cooperation. Besides, everybody knows that Wacław Górecki comes from an aristocratic milieu," he said of himself.

The independent Veterans' proposed a representative program to partly approach Prime Minister Jaruzelski. "We are glad that you own. After decades of independence the Christian nation is strengthening its back. We wish you success." The commander emphasized. During the Warsawka and Berlin's administrations our organization preferred to directly deal with the London Polish Government in exile. Our status is such that we submit to no debate of any political party. Whereas (if I may say so) the movement is a line in a "Communist" (the independent added, denying the organization's political nature).

affect the strength of the Polish zloty in the FRG, a zloty that has been weakened by political instability in Poland and the bearing of the exceptional nature of the changes in Poland by the rapid changes in the contemporary world. Generalized appeals for financial and investments and nowadays more with impatience and biased responses in the FRG, especially given the growing number of countries which are mistakenly courting the FRG for such aid [passage omitted].

Trade and Investments

The occasional complaints about Poland's becoming dependent on German capital should be viewed as harmful and unjustified. No such thing exists nowadays. The issue of land purchases by foreigners, especially in western Poland, has to be clarified and treated objectively because, along with streamlining the privatization procedures—especially as regards the privatization of large plants—this issue is a fundamental prerequisite for an increased influx of capital from the FRG.

The absence of an agreement with the Club of London causes German private banks to be reluctant to sponsor investments in Poland. German investors and economic circles are awaiting a positive and optimistic presentation of the changes in Poland as an essential element of confidence in economic partnership between the two countries. Similarly, in our contacts with the German administration we should strive to introduce or apply constraints for promoting structural cooperation with such German institutions as Kreditanstalt für Wiederaufbau, Deutsche Ausgleichsbank, and Deutsche Entwicklungsgesellschaft, as well as with the programs of the German federal states (North Rhine-land Westphalia, Lower Saxony).

Subsector Priorities

1. Increasing—to at least 25—the number of Polish-German border crossings.
2. Reestablishing economic and trade ties with the former GDR.
3. Complete normalization of financial and credit cooperation.
4. Reaching an agreement on long-term cooperation in energy industry (import of natural gas from the north, crude petroleum from the east, and electrical energy).
5. The concept of expanding rail, highway, and telecommunications links in a broad European context.
6. Trans-border and regional cooperation, including of rules for general cleaning up of the Odra River basin and promotion of tourism.
7. Restructuring of agriculture and its adaptation to EC norms, utilization of the experience and assistance of the FRG.
8. Drawing construction and land use management, utilization of the experience and assistance of the FRG.
9. Environmental protection, water programs, and debt management.

10. Cooperation in science and technology and vocational training.

11. Simplification of procedures for employment and access to the labor market in the FRG.

12. Promotion of the image of a modern, European, and stable Poland.

Good Neighbor Treaty

This treaty is the foundation for regional integration and their accomplishments. Within its subsector framework, it requires elaborating internal programs of action consistent with the scope of competence of domestic institutions in the contacts between the two partners.

Proceeding from the premise that the existing integration framework originates from the period prior to the Good Neighbor Treaty, it would be expedient to get the German partner to elucidate the terms of readiness to introduce new economic stimuli. [Poland's] economic and trade issues stemming from [Germany's] unification should be considered in the spirit of the Good Neighbor Treaty; this concerns in particular a solution of the problem of the negative balance of trade in rubles with the former GDR such as would not result in additional burdening of the [Polish] budget.

German View

CEP/ITIS Warsaw RTM/ ZABIAN ZNF in Poland No. 17, 26 Mar 92 p. 1

[Interview with Dr. Franz Eichinger, first adviser and director of the Department of Economic Trade in the Embassy of the German Federal Republic in Warsaw by Michaela Kunder, place and date not given. "Businessmen Act While Investors Wait"]

[Excerpt] [Kunder] The FRG is Poland's principal trade partner. According to our figures, it accounted last year for 31 percent of the volume of Poland's foreign trade. On the other hand, Poland accounts for barely 1 percent of the volume of the FRG's foreign trade. What else, in addition to this huge disproportion, is characteristic of our trade contacts in the last two years? [passage omitted]

[Eichinger] Trade between the old [Western] German federal states and Poland in 1991 was 14 percent greater than in 1989. This comparison is possible only for the old federal states, because trade between the former GDR and Poland has plummeted (like the trade with all the other former CEMA countries: exports to Poland fell by 61 percent and exports by as much as 64 percent). During the same period, Polish exports to the old lands grew by 23 percent and their exports to Poland, by 61 percent. In 1990, compared with 1989, Polish exports increased by 61 percent, so that producing a trade surplus for Poland at the time. Last year, however, the situation became reversed and, according to our statistics, the balance of trade is negative for Poland; we are aware, however, that Polish statistics point to a surplus.

[Kunder] Wherever the discrepancy?

[Exchange] I believe that even methodology of gathering and processing data is different. Then also there are the broader problems with statistics. Following the introduction of a market economy, totally different techniques for statistical treatment of economic trends should be adopted. It seems to me that Polish statisticians find it difficult to, e.g., grasp the scope of the private sector, whose share in imports presumably reaches 50 percent. Hence also it is likely that Polish statistics point to a smaller volume of imports than has actually occurred. According to our statistics, in 1991 German imports from Poland amounted to DM7.25 billion and exports to Poland, DM4.47 billion. [page omitted]

[Exchange] German-Polish joint ventures are often established on the basis of social or family contacts and most often their founding capital is rather modest, averaging DM100,000. There exist relatively few instances of large-scale capital investments, such as Hertz's investments in Polina (more than DM50 million), Schindler's in the furniture industry, Siemens's in telecommunications, Sandwiler's in the Lada transit industry or Eise Deutschtland's in the construction of gasoline stations. The biggest project—if it comes to fruition—will be the joint venture between Volkswagen and Targan, which involves DM150 million.

[Kander] What do you think is the reason why the influx of foreign capital into Poland is not occurring at the desired scale?

[Exchange] I believe that this concerns a major combination of unfavorable circumstances. One is the fact that political and economic changes in Poland have started fairly recently. Foreign investors are inherently cautious. Poland has the advantage of a low cost labor force, but this fact in itself is not enough to prompt [foreign investors to take] important investment decisions. Another reason for foreign restraint is the cumbersome daily infrastructure, e.g., problems with telephone linkages and two or three day [bureaucratic] delays of freight trucks at border crossings. Investors also complain about problems in their contacts with the administration. The restrictions on the movement of capital are an obstacle. A foreign entrepreneur is not allowed to maintain a foreign exchange account in a bank in Poland. That would be no problem were it not for the inflation. Given all these problems, businessmen, being eminently realistic, are shying away from possible losses. On the other hand, it is worth noting that the conservatism of the zloty is definitely a positive factor which facilitates trade contacts.

To any entrepreneur, skilled personnel are important. In Poland it is still difficult to find an accountant familiar with Western bookkeeping systems, and with the German language to boot. This is important matter in many and varied small businesses are conducted in Poland, and knowledge of the German language is essential in contacts with these businesses, aside of the case of big companies. We could also complain about the frequent revision of laws and regulations, especially those concerning customs duties and taxes. And lastly, there is the barrier of unavailability of services. To foreigners who are accustomed to

the Western standard of banking services, the difference is unalterable. Still, it should be borne in mind that in 1980, as not even 10 years ago, there was not a single commercial bank in Poland. There were no persons specializing in the participation of foreigners in the Polish economy, either, nor were there any consulting organizations.

[Kander] The statement was mentioned regarding a short in the sense of a less than optimal climate for foreign investors, in the growing opinion of certain Western politicians as well.

[Exchange] I believe that Poland's image abroad is often too negative. The increased interest in Poland among the international media is underlined, being due to the change of government and the apprehensions as to the stability of Polish economic policy. This also should account for the aforementioned remarks regarding investors. I personally do not share this pessimistic attitude, as I still keep in view the extremely positive basic tendencies: the bold and consistent implementation of changes and the growth of experience in solving difficult problems. What matters—here as now—is the consensus within the Polish society of a commitment on the part to reform the economy. It should be no surprise that agreements differ. Documents are a quite natural matter. No one should expect everything to occur ideally from day to day in an economy which must be reconstructed from the ground up, properly speaking.

Availability of Foreign Credit to Poland Noted

JPRS 112 91 460, RZD, ZPUSPOL, 1/1 in Polish
15 Mar 1992

[Article by] Danuta Walowska, "Foreign Credits Are Poland: How Much, for What, From Whom?"

[Text] According to data from 20 January 1992, imports of the National Bank of Poland, we have received foreign credits totaling \$9.1 billion. International financial institutions have loaned Poland \$2.6 billion, and the governments of 14 states have granted or guaranteed credits for a total of \$1.1 billion. The total value of the signed interbank and inter-governmental agreements is \$1.4 billion. Some agreements have already expired, and Polish investors can take over loans up to \$4.9 billion. These are 64.1 percent of all actually pledged amounts.

The Bureau of Evaluation of Credit Proposals of the Central Planning Administration (CUP) analyzing the use of credits, divided them into four levels of advancement:

- Pledges of organizations and banks, and then the potential possibility of obtaining credits for \$9.1 billion, including \$7.6 billion, and not including expired credits.
- Credits available as a result of the signing of framework intergovernmental and interbank agreements with deadlines, amounts, and for purposes defined in the agreements for \$1.4 billion, including \$4.9 billion with an exhausted or expired loan.
- Credits used, for which the agreements were signed (\$1.7 billion, including \$3.0 billion of exhausted and expired credits).

- Letters of credit on behalf of foreign contractors, successfully collected by Polish investors as improvement of investment occur (\$524 million, including \$300 million from authorized or request letters).

The World Bank, the European Bank of Reconstruction and Development, and the European Investment Bank are allocating funds to realize concrete plans in the area of the reconstruction. Financing credit from both a financial institution and from the government is possible after fulfillment of concrete conditions concerning both the impact of technology, and banking and bureaucratic procedures.

Plans financed from insurance earnings, such as Orlen, LOT and P&L, are subject to another procedure. These credits, not like credits guaranteed by governments, cannot be freely used by the Polish Government. They are designated mainly for the purchase of certain goods, mainly technology and technology from the credit-giver country, often with instructions for a concrete division.

Credit Pledges

The total sum of all pledges for 20 January 1992 is \$4.17 billion. This is 7.5 percent more than for 15 November 1991. This includes 4.1 percent from changes in the rate of the U.S. dollar.

In the fourth quarter, we exhausted credit possibilities from the line prepared by the World Bank (\$300 million) and credits captured in the amount of \$211 million, that is there remained from \$7.618 million from the funds designated for us by international financial institutions, governments, and government institutions. Pledges of international financial institutions amount to \$2.621 million, 5 percent more with 1.3 percent growth from rate changes compared to the end of the third quarter of 1991. However, governments and government institutions pledged \$5.510 million.

• International Financial Institutions

- The World Bank—\$2.218 million (investment and support of structural adjustments in the economy, the fight against unemployment, help for the banking sector, privatization and restructuring of the economy).
- The European Investment Bank—\$321 million (240 million European Currency Units)—joint financing of the World Bank's plans.
- The International Finance Corporation—\$33 million (50 million Deutsch Mark)—financing of the development of small and average ventures.
- The European Bank of Reconstruction and Development—\$50 million—joint financing with the World Bank of the modernization of thermal power engineering in five towns.

• Governments

- Germany—31.1 percent of all pledges—\$1.646 million.
- Japan—18.0 percent of all pledges—\$890 million.
- France—13.0 percent of all pledges—\$681.4 million.

as well as Italy—\$487 million, Korea—\$470 million, and the United States—\$360 million (total credit range from 3.2 to 6.6 percent of all pledges). These funds were designated for the purchase of investment properties in the countries pledging the credits.

Available Credits

These credits amounted to a total of \$4.911 million, including \$1.771 million from international financial institutions (\$1,000 million from the World Bank), and \$3.140 million from governments and government institutions. Analysis by the Central Planning Administration emphasized that the evaluation of these credits has increased significantly.

In the case of funds loaned by governments or government institutions, it is important to have a low interest rate and a long credit and waiting period. For example, the preferential Spanish credit of \$40 million accumulates a 7.5 percent interest over 10 years and has a waiting period of 10 years.

However, these preferential conditions are furnished with various other conditions, which significantly limit the circle of recipients. For example, the French credits are only for the Polish-French joint ventures.

How We Used Them

Before 20 January 1992, the banks granted \$1.670 million to investors. The effective proceeds for credit recipients were \$524 million, which is 30.8 percent of available funds. In the last quarter, payments increased 2.5 times, but their absolute value was still too low. So why do we not use these funds as we should? The Central Planning Administration's analysis gives the following reasons:

- Small tendency to invest, because the financial condition of probable borrowers is worsening. But the tendency to invest with foreign funds is generally increasing in private ventures.
- Preferential credits significantly limit the circle of credit recipients.
- Changes in the banking sector occur slowly.

Banks fear that the granted credits and guarantees are a threat to their liquidity capital.

The majority of foreign financial institutions consider that only the Bank of Commerce may participate in the regular loan system. The Government of Germany recognized, in addition, the BBE (Export Development Bank), BIZ (Food Industry Bank), and to a lesser degree the Bank of Silesia.

Obtaining credits takes a very long time, for example, in the case of the preferential Italian credits—1.5 years, and the procedure was still not completed.

Inadequate information.

The slow but perceptible change in consciousness that the credit must be repaid.

What Results From This

- It is necessary to renegotiate several Polish documents in order that the Polish side also influences who receives the funds.
- It is essential to promote Polish banks authorized to make foreign-exchange payments.
- Because we have positive experience with the operation of the Polish-German body, which is involved with the distribution of credits guaranteed by Germany, it is worth appointing similar bodies with other countries (the Italian case is just now emerging).
- A consortium of Polish banks must be appointed to offer assessments plans for sums exceeding \$5 million.
- It is necessary to improve information and foreign exchange regulations affecting annual loans must be maintained as quickly as possible, while
- the Council of Ministers ought to prepare more benefits and improve more rapidly the documents regarding budget guarantees if the plan received a positive macroeconomic evaluation by banks and positive macroeconomic evaluation by the Commission of Qualification of Credit Programs of the Central Planning Administration.

Monetary Policy Outlined for 1992

K23P00714 0 pages K/PL Z/PLP004/J/PL Z/PLP007
CND (LAW) agreement in Polish 22 May 82 p 1

[Article by P. A. "Stabilization of Purchasing Power: Protection of Gold"]

[Text] It is predicted that the money supply will increase actually during 1992 by 4.2 percent (in 1991 it decreased actually by 3.1 percent); however, the credit for the economy and population will increase actually by 3.6 percent, which is 60 billion zlotys (Z) (in 1991 this credit increased actually by 1.1 percent).

Monetary provisions are forecast such that:

- The net foreign holdings will decrease by 3000 million.
- Gold deposits will increase in 1992 by exactly 3.6 percent, that is, nominally by 277 billion, which includes an increase of 200 billion of the population's deposits. At the same time, it is assumed that prices will increase from December 1991 to December 1992 by 16.8 percent. Last year the price increase of gold deposits was 8.1 percent, and the nominal increase was 287 billion.
- Monetary deposits will increase by 5400 million (last year they decreased by 3222 million).
- The amount of cash in circulation will decrease in actual categories by 1 percent.

Such are the basic facts included in the negotiations for the "Monetary Policy Outline." They were prepared at the Polish National Bank (NBP) and submitted to the GPR.

Since we already wrote earlier about subsequent versions of the document, some of the more important information is included below only as a reminder:

The basic aims of the monetary policy are to maintain the anti-inflation policy, in order to stabilize the purchasing power of gold on the domestic market, and to protect the position of the national currency in relation to foreign currencies by 1992 and.

The central bank's basic aim in 1992 will be the index constant rate fixed on an annual basis, in order to ensure that a normative rate of credit growth is maintained in the interests of a stable money market.

An attempt at refinancing credit will be supported in especially legitimate cases only in regard to the financing of continued credit agreements and support of macroeconomic primary importance for the government.

In regard to reserves that do not represent in kind a credit (gold), banks will be encouraged to withdraw credits.

It is predicted that the credit increase of the banking system for the net budget (the state budget and gross budgets) will be 251 billion. The NBP will buy currency bills on the primary market using them to control the expansion of banks. It is worth noting that the draft of the budget law authorizes the minister of finance to maintain the independence of the State Treasury in 1992 through the NBP's purchase of treasury bills worth up to 230 billion, through the use of "special treasury papers" with the reporting period being under a year, and through the sale of government bonds of credits worth up to 250 billion.

The president of the NBP and minister of finance are converting credit occurred to the budget at NBP in 1992: it is treasury bills or obligations by 30 June 1992.

An obligatory mechanism of progressive gold procurement is a form of maintaining the independence of national production of the domestic and foreign markets. However, this does not preclude introducing a liquid, stabilized rate that more fully takes into account the state of supply and demand of foreign currency.

Methods of unifying the official and banking-house market will be considered, so that a uniform monetary market is functioning by the end of 1992. Tests will be run to introduce prompt monetary operations.

The criteria for granting licenses to new banks will be tightened. Effective from the second quarter of 1992, the required level of the banks' own capital will be increased to 270 billion, and, in addition, this level will be corrected during the year in order to maintain 20% ratio.

The president of the NBP will introduce a law that makes the type and scope of the license dependent on the amount of the owned capital, and obligates banks to use their own capital for the scope of the license to the end of 1992, or within some other.

Banks originating before 1992 will be obligated to maintain a reserve coefficient of at least 9 percent, while the remaining banks will have to maintain this at a higher level. The president of the NBP proposed the law requiring banks to create reserves for loans that include a high level of risk.

A fund for deposit insurance and two institutions for credit insurance will be created.

The privatization of state banks will be continued.

Plans for Oderland European Discussed

6/2/92, *Prace i Wzrost* 12 (1992) 4 in Polish & Ger. 3, p. 1.

[Article by Wiesław Kąkolica. The Oder as a Rio Grande in the Oderland European.]

[Text: The concept of turning the Oderland European (an economic zone, proposed in July 1990) to the Polish authorities by Minister-President of Brandenburg Manfred Stolpe) will probably remain for some time in the preliminary-investment stage. At the very least future it may be possible to incorporate passenger circulation in [Polish-German] border crossings and open a dozen or so new such crossings as well as expand existing ones. But that, it seems, will be just about all for the time being. It might be said that Polish nationalism and obsessive talking frightened everything, but that would be an oversimplified view of the matter. That is because our position toward and reservations about the Oderland idea are also rooted in Polish law, institutions, and the political system.

Thus at any rate can be concluded from the position taken on the issue by the Central Planning Office, as presented in the deputies. It does not anticipate any long-term operation of western Polish border regions. This can also be concluded from the course of the meeting of the Polish-German Intergovernmental Commission for Regional and Border Cooperation. A similar conclusion arises from Stolpe's off-the-record comments at several KLD (Liberal Democratic Congress) deputies that every one of the concerned Polish considers was saying something different about the Oderland region, and not one of them would knowledgeable or specific. Lastly, this also is the conclusion coming from difficulties with the actual territorial-institutional system of the state and the powers of the field offices of general and local governments.

This pile-up of obstacles makes doubtful the possibility of establishing within the next few years a transborder Oder region patterned all so much in the European cooperation model as—given the scale of differences between Poland and West Europe—on the Rio Grande region owing to which Mexico is approaching the standard of living of the United States. In this country the image of the Oder River basin is for the time being associated with the negative emergence of the Rio Grande as a zone of economic stagnation, shady deals, criminality, and illegal migration, as well as a boundary line between two cultures and worlds.

The program for—as the Germans put it—stimulating the Oder river basin is intended to reduce tensions in the border zone, promote ecological domains of the economy, and bring Poland closer to the European market. The preference zone should, in the opinion of the Germans, comprise an area ranging to about 100 km east of the Neva and Oder rivers and about 50 km west of these, with a population of about five million. In Poland this area would consist of five voivodeships (Szczecin, Gdansk, Zielona

Góra, Jelenia Góra, and Legnica) where in Germany it would consist of several dozen counties in Mecklenburg, Brandenburg, and Saxony supported by the Berlin and Dresden urban conglomerations.

The institution promoting the growth of the Oderland would be the Polish-German Development Bank, with the main office in Berlin, a branch in Frankfurt and offices in Bonn, Warsaw, Brussels, and the United States. It would have a capital of 100 million marks (DM), of which DM 50 million are to be subscribed to the two governments (70 percent by the FRG) and DM 40 million from borrowings on the private capital market. The bank would spend on economic promotion, consultation, and the attraction of credits to enterprises.

The Polish lands under cultivation on the basis of the idea should be reduced in size, in the opinion of the Germans, although, as they note, agriculture is one of the principal sources of livelihood for the local population. The land that remained would be partly transferred to highly local producers, partly turned into nature preserves, and partly used by tourism and recreation centers and construction ventures. A similar fate is to meet almost manufacturing and service establishments, which should be either shut down or modernized.

As for Szczecin, it should become a day-long port (with a Japanese-Korean industrial park) and the main technology centers would be Złota (manufacture of textile fibers), Karszyn (cellulose production), Schwedt (hydrocarbon), Gornio and Luban (manufacture of packaging), Legnica (food-industry machinery), and Szczecin (fish processing). The establishment of a district patterned on the Silicon Valley (high-technology industries) also is being envisaged, to be sited at the center of one of the present-day military districts (the Germans point to Rostenburg). That district would be under the patronage of the Polish-German-Scandinavian-Harbinian Technology Society. The entire region would be covered by a regional network of trade and service establishments, with a shopping mall to be established between Frankfurt-on-the-Oder and Stettin.

The western and Vistula Island (whose Polish part would be a German province, later would become a most attractive tourist territory. Another type of major importance to tourism and recreation would be the mountainsides (Lusatia) as well as, in view of their proximity to Berlin, eastern Brandenburg and the western part of German-encircling (aquatic sports centers).

The framers of the concept of Oderland-Nachbarn envisage an expansion of the transportation network. The proposed projects include the construction of an Oder-Elbe Canal, of a north-south highway running along the Polish bank of the Oder and the Neva and linking Scandinavia to Czechoslovakia, and of a second dam on the Oder near Mielitz. To cut down on pollution, the Germans propose the—extensive coal—power in reducing the number of brown coal-burning plants, power plants and establishing, among others, geothermal power plants.



The greatest doubts are engendered by the question of the territorial scope of the zone. As it is proposed now, it is strikingly asymmetrical, with two-thirds of its area being situated on Polish territory and consisting, moreover, of fairly well-developed farmland as well as having a substantial industrial potential. Hence it is difficult to accept the proposal for reducing the number of manufacturing plants and the cropland under cultivation in that area so as to turn most of the Polish part of the Nadodrze into nature parks, reserves, and recreation centers, while focusing restructuring on chiefly German enterprises.

The Polish supporters of the Oderland concept—and there are quite a few of them in the political, scientific, and economic circles—also find objectionable the idea of establishing a bank in which the FRG would hold a majority in the board of governors and the supervising council. For this would entitle the Germans to decide on investments and profit distribution, and the bank itself would operate as a kind of an autonomous supranational institution in the region, which also would mean curtailing our sovereignty on the territory of the five Polish voivodships. Considering that two-thirds of the Nadodrze's area would be on Polish territory it would be advisable to establish the head office of the bank in Poland (Szczecin was mentioned), as well as to include the Scandinavians as

partners in that institution, as this would commit neutral Baltic countries to cooperation in the Odra River basin.

Also unacceptable is the idea of extending German administration to the Polish part of Uznam Island. For in practice that would mean changing the national border.

However, the Siope Plan was presented as a proposal for discussion, and hence all our reservations and compromise solutions are most legitimate and needed—except that they are not being officially formulated by the proper Polish authorities, which at the same time are enthusiastically declaring their desire for Poland to join the EC and "return to Europe." But then how can that "return" be accomplished without undertaking talks on such a particular matter? After all, to us this affords an opportunity to commence broader measures for our adjustment to the European Community. True, such an integration would entail, among other things, forfeiting some of our sovereignty and subordinating Poland to the Community's regulations as well as consenting to purchases of real estate in Poland by foreigners. But this is the price paid by all the countries of the Community.

It seems that we believe that Europe will accept us lock, stock, and barrel as we are, with our "diocesan" voivodships based on an outmoded centralized system of government, with our anachronistic administrative and economic

structures, and with our malfunctioning legal system and financial institutions. Of course, we could accuse the Germans of wanting to Balkanize Poland and turn the Nadodrza region into a tourist colony (which is not true). But it is the Germans who have the money, the initiative, the ideas, the organizational resources, and the fairly thorough familiarity with the status and prospects of the obsolete extractive, shipyard, and light industries and uncompetitive farming in our five border voivodships. We should negotiate while Germany is still interested in negotiating with us on this matter.

Planning Office 3-Year Projections Released

GZEPOL/1A Warsaw: *RIW ZPUSPOL/1A (ECONOMY AND LAB)* (supplement) in Polish 26 Mar 92 p. 11

[Article by Piotr Aleksandrowicz "The State and the Economy According to the Central Planning Administration: Investment Instead of Consumption"]

[Text] The economy and the budget-financed sector are in need of structural changes and increased investment accompanied by a slowdown in the growth of current consumption. This appears to be the main thought of a 170-page document, "Directions of Social-Economic Policy Until the Year 1994," which the CLP [Central Planning Administration] prepared for the meeting of the government on Wednesday. However, this document was rescheduled to next week. Therefore, it is not ruled out that substantive and editorial changes will yet be made in the material published.

The document outlines two scenarios of economic projections for the next three years. The first, customary scenario is based on the lack of progress in restructuring the economy, unfavorable climatic conditions for farming, no response to incentives for export promotion, and low propensity to invest. Scenario II assumes that certain actions taken as early as this year will bring positive results, and that the economy will start embarking on the path of moderate development. We provide the details of the projections in a table.

	1991	1992		1993		1994	
Scenario		I	II	I	II	I	II
GDP volume (previous year equals 100 percent)	97	95	100	99	100	100	100.1
GDP used inside the country:							
Consumption	103.7	99.7	99.9	99.7	100	100	100.9
Fixed investment	91.3	90	103.5	99	100	101	100
Export, billions of dollars (current prices)	14.2	13.5	13.0	13.0	14.3	14.4	17.2
Imports, billions of dollars (current prices)	14.7	13.2	14.4	13.3	14.8	14.3	18.7
Employment in the economy (millions)	15.6	16.0	16.0	16.3	15.7	15.7	15.4
Unemployment (millions)	2.2	1.9	1.2	1.3	1.9	1.9	2.7
Rate of unemployment (percent)	14.4	10.6	7.5	7.9	12.1	12.1	17.6
Product of industry (previous year equals 100 percent)	88.1	92.9	99.0	95.4	100.0	97.7	102.1
Share of the product of industry produced in the private sector	12.2	28.5	28.1	28.0	30.0	27.0	16.1

(Output would decline in metallurgical and machine building sectors, and grow in the chemical, mineral, food, and paper sectors, especially in the optimistic scenario.)

Fixed product of agriculture (previous year equals 100 percent)	97.3	97.0	99.4	97.0	97.7	99.4	100.0
Fixed product of construction	100.5	100	100	100	100	100	100
Trade gross margin	102.0	102.0	100	100.5	104.1	105.0	105.0
Communications	114.0	115.3		115.3		115.0	

It is assumed that the growth of consumer prices in the years to come, based on comparisons of their levels in the subsequent months of December, would come to 37 percent in 1992, about 20 percent in 1993, and 10 to 12 percent in 1994. The budget deficit would amount to 3 percent of the gross domestic product this year and 4 percent in 1993, whereas in 1994, "a balanced budget would be restored without the need to restrict expenditures." A reform of the tax system would be based on the following:

- Introducing the value added tax, effective January 1993.
- Reducing the rate of the profit tax on corporate profits to 30 percent in 1994.
- Eliminating the tax on above-the-plan growth of wages in state enterprise in the event a wage contract is secured or an enterprise (the growth of wages in the budget-financed sector would be strictly controlled).
- Introducing a 3 percent (based on the wage fund) tax on the use of labor.

- Replacing the dividend by a tax on the capital contributed by the State Treasury, the rate of this tax would be determined within the framework of management contracts at state enterprises and by councils of trustees in partnerships with the participation of the treasury
- Introducing a system of previously targeted profit tax relief to encourage investments

The interest rate on refinancing credit would approximate the rate of inflation, whereas the commercial credit rate would be the result of market ratios of supply and demand for credit. It is proposed to increase the emission of the money supply beyond the rate of growth of the GNP and the rate of inflation, this increase would be geared toward investment credit.

The currency exchange rate would be established in keeping with arrangements in place, efforts would be made to maintain a permanent ratio of the value of the zloty to that of foreign currencies.

From among other elements of macroeconomic policy restrictions on consumer imports, the stabilization of energy prices in real terms, and the shift of the tax burden in the direction of taxes on consumption were mentioned, among other things.

In a section on macrostructural policy, it is proposed that, among other things, small and medium size enterprises be supported, cooperatives be organized, an outline of ownership transformations be prepared, a climate of stability be created, a banking infrastructure be developed, economic innovation be expanded, the management of state assets be commercialized, consultancy functions be shed by the structures of state enterprises, management contracts be signed for the current operation of a company or re-manufacturing, and certain enterprises be restructured. However, the authors note that changes in a macroeconomic scale should, first of all, be initiated from the grassroots.

In the sphere of ownership transformation, it is worthwhile to note a provision on the ultimate inclusion of about 90 percent of the enterprises in the Comprehensive Privatization Program, in addition to plans already known from the "Theses for Socioeconomic Policy."

The documents call for creating conditions for the capital based privatization of health, privatization of municipal and cooperative projects, and state projects in agriculture.

Major conclusions with regard to the budget financed sphere approximate those found in a report of the World Bank which we discussed several days ago. The documents emphasize the need for the citizens to finance a part of the expenditures for social services, as well as the need to streamline such services.

It is proposed to create four insurance system funds, which would cover against the risks of old age, disability, sickness, and unemployment, and would be financed by contributions made by employers and employees. For its part, the state would finance, for example, investment in development of the health care sector or active forms of

unemployment compensation, and could guarantee a certain minimal level of basic benefits. The documents also include sections concerning agricultural policy, energy policy, defense and security of the state, ecological and regional policies, and government. Unfortunately, it is not possible to discuss them in a short report, but we will undoubtedly review them.

Polfa: Successful Barter Deal Gave Bad

6/2/90/164 Warsaw *ZZ* 118 (ZNP/Polfa) 118/11
in Polish No. 12 22 Mar 92 pp. 1-4

[Article by Zdzisław Gomperski: "A Recipe for Trouble"]

[Text] The Rumkow Polfa (Polish pharmaceutical plant) which specializes in manufacturing veterinary and laboratory tract drugs, was the first of the Polfa to stop production. The enterprise lacks liquid capital and is nearing bankruptcy. Similar decisions are being considered by the Polfa plants in other cities.

The reason for the financial crisis of pharmaceutical enterprises is the barter deal with the former USSR. The partners from the other side of the big deal adhere to no obligations in the barter deal. We did receive the natural gas shipments, but otherwise the Polfa plants have not so far received even one zloty for the drugs exported, because no one wants to be willing to pay for the natural gas used.

Barter trade is the road to bankruptcy for an industry which has been a major source of strength in the past years.

A Healthy Tapering

It can be readily ascertained that the pharmaceutical industry has been a wonderful success. Just look up all the right words: "Loss of the 90s (Zgoda Polish Economy)" and compare financial performance between the years 1983 and 1989: the results for this year have not been made public yet.

During these eight years, the Polfa plants have been operating at an enviable profit margin. This happened even though the drug prices have never been of the market price kind. As is often reported, the Polish pharmaceutical industry has been really generating high profits. During the aforementioned eight years, there is five out of the 10 most profitable enterprises in Poland each year were Polfa plants. In 1989, the most profitable producing industry enterprise was the Intero-Ges Polfa, which surpassed the Centralna Maszynowa and Farmagel (Centralna Polfa). In 1989 the four most profitable enterprises in Poland all were Polfa, with the third ranking of them being precisely the Rumkow Polfa.

It came out that drug manufacture can be more profitable than the production of vodka. This happened in 1989, when the Warsaw Polfa was ranked third among the most profitable Polish enterprises, with Pilsner ranking second.

The year 1989 proved particularly successful financially to the pharmaceutical industry. In that year, the net profits

obtained by the Canadian Manufacturers. Profits were more than 20-fold as high as the average profits of the 500 biggest Polish enterprises. It used to be for several years or more that the profit margin at Polfa plants was 40-fold as high as at the 500 biggest Polish enterprises.

Even the maximum year 1991 has to be viewed as financially advantageous to the Polfa plants. This is corroborated by the profit margins attached to the Pabianice Polfa. In 1986, it was the 1188 ranking among the most profitable enterprises included in the "List of the 500." In 1991, it had a sales volume of 417 billion zlotys [Z] and a gross profit of 2158 billion. The state budget was enriched with 267 billion of income tax (Polfa plants are exempt from the corporate tax), plus a Z1.2 billion tax on assets and Z1.2 billion in the tax on wage increases. Yet the Pabianice Polfa is medium sized compared to other pharmaceutical plants in terms of volume of sales.

The Pabianice plant fared well, although already then criticisms were made that the official prices of medicines are being increased at a slower rate than the plant's operating costs—so much that the sales there become even more topical—and that the Ministry of Finance is tardy in covering the prices of domestic drugs, thus making domestic competition. Even so, however, domestic drugs are less than their imported counterparts, and this makes still more harmful the prospects for the handicrafts of the Polish pharmaceutical industry.

As the Pabianice plant the respondents grant that the government's policy is conducive to "yet further scandals, this time concerning pharmaceuticals." The state's Supreme, at pharmaceutical and enterprise drug sale of 200-300, whereas the price of Vaguetin-made Nageston is 2100-300. The origin of this "scandal" is traced to the state budget, and is harming the budget. What happened is that the state budget is very tardy in paying subsidies to the Calceus (state pharmaceutical) and privately owned pharmacies for the drugs sold at a discount or offered gratis. As a result, the pharmacies, especially the private ones, prefer to sell imported drugs, of which they can make a profit at once, especially considering that their higher prices mean higher profits margins. As another result, output at the Polfa plants is declining. At Pabianice the estimate is that the demand for the plant's products at present is 10 percent lower than in the previous year, and hence also voluntary receipts from Polfa plants are declining.

This effect can be compensated by pursuing a managed currency policy, and that is what happened. Dollars were required in the raw materials imported for the domestic manufacture of drugs, but imported drugs were left behind.

The Polfa plants are suffering the consequences of errors in payments receivable, especially considering that the payer is the government. As for the economic conduct of the enterprise (as published), there is hardly anything to report on it.

The plant management are complaining that the government is disappointing the last year being "the golden age

again, an exceptionally excellent outcome, as far as Poland is concerned, because it is largely operating on the basis of German technologies, is getting into hot water. Her intention should be made of the fact that the pharmaceutical plant at Pabianice was established more than 100 years ago, had been linked to the Swiss firm, whose share was bought in 1938 (1%), and has ever since maintained production on with the Germans, including cooperation with such renowned companies as Sandoz. These companies grant the use of their trademarks to the Polfa plants. For these and other reasons, a collapse of the Polish pharmaceutical industry would be strange indeed.

Yet the situation is becoming worse now.

The advantages for Poland under Gorb

We visited the USSR, our traditional partner for Polish drugs, to pay a billion for pharmaceuticals. Early in 1991, the enterprise had even perceived that "Through the mediation of French (long-term) export agents for Flomax and Chlorocel (Sandoz) an \$80 million export deal was proposed. But it turned out that the money that could be obtained in dollars, and soon afterward it was turned out that we cannot export our drugs to be sold for hard currency in the second half of 1991. The disorganizing Soviet export had less and less foreign exchange available.

The government noticed that Polfa plants have surplus output and at the same time, Poland greatly needs shipments of natural gas. On 2 September 1991, an intergovernmental export agreement was concluded. We were to receive natural gas in return for hard or national currency sales. The export deal was to be worth 3473 million of which probably 1000 million in drug shipments. Because unfortunately to this day the people I speak with cannot agree on the exact figures.

We received the natural gas and dropped the pharmaceuticals. The producers of hard and national currency sales were paid in return, but the Polfa plants got nothing. For this reason, their financial situation has greatly deteriorated—to the extent to which each of the 15 Polfa plants and—shall participate in the export deal. The Katowice Polfa with 2250 billion of pharmaceuticals, meaning that nearly 60 percent of its output was marketed in the form of hard. The second place comes likely to last production in the Jelenia Gora Polfa, meaning exports to the USSR accounted for about 90 percent of its output.

The situation at the Pabianice Polfa is better. As part of the export deal, it provided pharmaceuticals worth 220 billion. Earlier, when the former USSR was to pay in dollars, the exports totaled 251 billion, of which the producer received little or less. As of the end of February the Pabianice Polfa was owed 200 billion to French plus 200 billion to the California. To be sure the plant's accounts payable totaling 270 billion, raised just barely its accounts receivable, but the consequences of the tardiness of its payment are painful. The amount that has to be paid on the loan made to the Pabianice plant is long, it is operation (despite the tardiness of its payment, has received 270 billion.

These consequences also are reflected in the rapid change in the plant's profitability. Last January, the profit margin of the Polpharma plant was only half as high as in 1989.

The Warsaw Court is considering why the Polfa plants, and along with them the group, are blaming the export-import agency for the financial situation of the pharmaceutical industry. But, Court did have financial obligations to the Polfa plants, but only with respect to the time when drugs were being sold for dollars, i.e., during the first half of 1990. At that time, the transactions were at least \$80 million, and Court did pay its suppliers at 80 percent of the cost. But as for the further agreements, it does not mention Court, and therefore it should not be treated. The final loss therefore, for example, with the Biogorka (Court and Cielinski Court administration).

The Katowice Biogorka feels almost as responsible as the Warsaw Court. Court was responsible for the exports and Biogorka for the imports. Thus there were two equal donors of the foreign trade deal, but it is not clear who should pay the pharmaceutical industry. They argue. The heads of Biogorka are it seemed that the problem is to be solved by Polish Petroleum Mining and Natural Gas Corporation. Inquiries at the offices of that corporation reveal that it has financial problems. Last year, the price of natural gas went so low that it was a difficult year for the corporation. What is more, gas subscribers are not in their payments. Current monthly arrears are estimated at 2.1 billion.

It will be difficult to get paid for the gas supplied, because it was said by an industry at the verge of bankruptcy. Many months will pass before the bankruptcy commission finally reaching various paths toward recovery. What then, the Polfa plants will have to experience but at least expect in many months of waiting. It is possible that not all will survive this ordeal of waiting.

The producers of foodstuffs and natural cotton yarn, whose exports were included in the earlier deal, stand better, because the agreements specified that they were to be paid first. Thus, from the very outset, the Polfa plants were condemned to waiting.

The immediate danger was known from the very beginning. It turned out that the PUNAG (Polish Petroleum Mining and Natural Gas Corporation) has long been trying to obtain a loan to settle its arrears to partners. Despite the efforts of the Ministry of Trade and Industry and the Ministry of Finance, no agreement was reached in granting the needed loan at a low interest rate. The PUNAG decided that, when the price of natural gas is official (overvalued), and the year 1990 was a deficit year, the corporation cannot afford the loan at a commercial interest rate. Thus the Polfa plants must somehow resolve this earlier pit.

It turns out that even obtaining a commercial loan would be difficult. Commercial banks consider the PUNAG to be uncreditworthy, and further they are willing to grant it a loan only on condition that the government provide a loan guarantee.

Some conclusion is suggested to be found in the fact that the PUNAG has currently transferred 2.3 billion to the Commercial Bank. But this does not mean that that money is destined for the Polfa plants. The Commercial Bank will decide which of the PUNAG's conditions should be applied.

But as for the Katowice, it is said that they are OK. They fulfilled their side of the earlier deal. The money does not lie around as a reserve, considering that Poland paid the total of ten million for the needed quantity of natural gas from the Soviet Union.

As the Commercial Bank the response to this information is rather doubtful, on the grounds that the Polfa plants, Biogorka, Court, and PUNAG agree somewhat, as it were, the matter. For example, the announcement that monthly the PUNAG transferred to that bank 2.3 billion is being questioned. (According to the facts) a smaller amount is concerned, and as the Polfa plants this is no reason for being satisfied. It turns out that the earlier deal, implemented according to terms defined at the letter of intent of 21 September, was to be completed by the end of 1990 and the period of disbursement of the standard payments was to end on 12 January 1991. Therefore, the Commercial Bank cannot now make payments to the Polfa plants from Biogorka's account. This is not some added red tape but further requirements, which also bind the Katowice bank that is a party to the earlier deal. The only thing that can still be done is to draft an appendix to the letter of intent. It is probably a matter of days before Katowice and Poland sign that appendix.

Commercial Bank, Inc., seems disgusted with this entire earlier adventure. People there say that no other bank was prepared to finance without a letter of intent which has, after all, the risk of an international agreement.

The Ministry of Foreign Economic Cooperation also seems to have problems with clearing a earlier deal which in the "market" side is thought to be advantageous to both countries. Doubts have arisen whether, under the agreement, only the quantities specified in it were shipped. Other unofficial information indicates that the Polfa plants dropped their pharmaceutical export before the letter of intent had been signed, and after 27 September they tried to have their exports included in the earlier deal. This has resulted in a situation in which there is no certainty as to whether the total amount of drugs shipped was 5.44 million, because the Polfa plants expect to be paid more.

A PIV To Be Handled by the Polfa Plants

The different Polfa plants pose different claims to it and Biogorka, and the PUNAG, and they do not exclude the government either in this issue of wrong doing to them. It turns out, however, that further drugs began to be shipped under the earlier deal, a conference was held at which all the Polfa plants were represented. During this conference it was emphasized that the state budget cannot be responsible for that deal, and it was made clear that the plants will be credited for their exports only after the completion of PUNAG's pay for natural gas. The pharmaceutical industry accepted this deal.

What is the consequence? Bactrachowicz, chief of Pella plants accepted this role. The management of these plants are thinking of transforming them into companies and perhaps also forming a holding company. For the time being only the Internal Court Pella allowed approval for turning itself into a company (not a company). Thus the Pella plants will remain state enterprises, and therefore the state will be unable to make making the relevant decisions. Unofficially, however, is being made of payments from the state for the completed taxes due, but as is where the money will be found, that is still unknown.

Another, that will not resolve the problem. Rather, that will be only the beginning, because, indicated by their failures, the Pella plants already are preparing other steps to export to the East. As the Pulawice Pella since the country of limited products is maximum at 2.20 billion, including 2.10 billion in drugs for the former USSR. As a case where the domestic demand for pharmaceuticals is declining and capturing Western markets is a slow and drawn out process, the limits of the country of trade with the area of the former USSR is being narrowed. It will not be easy for drugs to become ready, and the threshold is that higher drugs such as the one mentioned last year will not be required. Drugs will have to be sold for dollars. Thus the industry is looking longingly at private the trade partners who have a few dollars.

Employment, Financing in Budgetary Sector

CEPRACIS Warsaw 8.221 ZPCHPOL171 (15 OCTOBER)
AND LCB (agreement) in Poland 25 May 82 p. 11

(Article by E.J. "Employment in the Budgetary Sector
Less in Education, More in Insurance")

[Text] Expenditures in the budgetary sphere are not meeting the economic expectations, despite the fact that they are the largest among all expenditures planned for this year (132,000,000,000 zlotys).

The greatest rate applies to sports and culture, where expenditures will decline by about 40 percent in relation to 1981. The greatest increase in expenditures is planned for the administration of justice, up 30 percent. The 30-40 percent increase for education, administration, and police over last year's expenditures, did not affect some ministries. As a consequence of this decentralization was the education minister's statement that he was submitting his resignation.

And what is the employment situation projected for this year in look like in the budgetary sphere? General employment is to decline by about 70,000 persons. The greatest reductions are anticipated in education and tourism. The rate will affect nearly 10,000 persons. By the end of the year there will be 1,000 fewer people working in public health and 2,500 fewer in cultural services. On the other hand, employment will increase by more than 8,000 in social security and by 9,000 in public security. The year employment is also expected to increase by about 1,000 in the administration of justice and the state prosecutor's office, and by 1,400 in social welfare.

No significant changes are expected in employment levels in state administration, national services in culture and art. All these are savings in the number of jobs. Further employment reductions are possible in public health, for example, and social produce additional funds in new organs and direct expenditures.

Western Aid to Housing Sector Described

CEPRACIS Warsaw 8.221 ZPCHPOL171 (15 OCTOBER)
AND LCB (agreement) in Poland 25 May 82 p. 11

(Article by E.J. "Housing" with English Edition: Where the World Will Stay")

[Text] Work aimed at signing a \$100 million World Bank credit agreement is getting to an end after two years of negotiations. The money will be used between 1983 and 1990. World Bank experts and our own (Polish) specialists have been developing a home loan system adapted to high inflation.

As a condition to obtaining this loan, major changes had to be made in the system used to finance the housing sector. For example, it was necessary to introduce new wage index, intermediate wage index for construction and long wage index from for housing purchases and changes had to be introduced in the credit system's terms. Income level in the bank is determining the maximum wage index rate and monthly expenditures. Further changes included eliminating debt reduction and profits, but not for housing credit and introducing aid credit agreements, to standardize conditions for financing and construction. The Government also suggested the development and implementation of a program to state housing construction and to ensure the right of eviction, in the event that the better loan was not repaid. The Government also called for making mortgage payments possible, in the event there was a comparative right to the dwelling. The loan was formally finally passed by the law in the last week into effect on 15 March.

In addition, the World Bank required certain technical preparations, the establishment of principles and norms for granting credit, the drafting of model credit applications and agreements, the preparation of programs for training bank employees, local officials, and building firms, and finally, the development of a system for transferring funds between the program participants, the World Bank, the state budget, the construction banks, and credit customers.

Before meeting with loan negotiations with the World Bank, probably will in March, it is known that the Polish government undertakes to guarantee the dollar rate, that the budget transfer to the program to the expenditure of the credit obtained is direct, and that our government presents the general directions of its housing policy. Efforts are being made to have this credit in place by late or fall of this year.

Last September, the U.S. Government gave an explicit guarantee amounting to \$100 million to the Government

with Poland's partner in developing the program for using these guarantees is the Agency for International Development (AID).

The first meeting with AID employees was held last November in the town of Krakow. It was decided to prepare a plan for the future discussed in the program for studies. Data will be passed to private companies and private farmers to finance land development prior to housing construction and the cost of the construction itself, as well as for long-term future loans.

A group of AID experts is presently in Warsaw working with their colleagues from both the construction and finance ministries in developing a program for using the credit. The credit will be available after both parties accept the program and sign the credit agreement, probably in the middle of the year.

The Ministry of Land Use Management and Construction is trying to obtain from the U.S. government credit guarantees to be used in 1981/82 for housing construction amounting to \$1 billion. An official report in the material has been presented to the Department of State. The department thinks the credit should be allocated, among other things, for land development prior to housing construction, to finance the development of private construction firms and engineering technologies, and to build up the housing construction base itself.

The Polish International League supports the efforts of the Polish side, but up until the present moment, the U.S. government has made no decision on this matter, and it is difficult to judge what the chances are for a favorable outcome.

Fertilizer Industry Shows Decline

WYPRZEDAŻ FOSFORY ZŁAZNANYCH W POLSCE
W 1980 R. (p. 1)

WYKONANIE PRACY FOSFORY "The News in Fertilizers & Chemicals Production" under the label "Chemicals".

According to the report, there is a slow decline in the Polish artificial fertilizer industry due to the economic conditions. In the second half of 1980, the output of nitrogenous fertilizers in terms of the pure substance was reduced by 10%. Their output has only been recovering at an unprecedented rate. In 1981, it plunged to 1,055,000 metric tonnes, and last year it was 1,080,000 metric tonnes. Thus, within barely two years, a decline in half (page omitted).

The significant effect of both principal elements of the Polish artificial fertilizer industry is the year 1980-81. The output of nitrogenous fertilizers dropped to 1,055,000 metric tonnes from 1,080,000, that is, by 10 percent, while the output of phosphoric fertilizers fell to 25,000 metric tonnes from 30,000. In addition to the effects on agriculture, which will be discussed later, the plunge in output caused major changes in the use of raw materials. The consumption and exports of phosphorus decreased markedly, as did the demand for sulfur, whose consumption

has reached a record level owing to the difficulty of maintaining a steady (page omitted).

The Status of Fertilizer Demand

According to the World Statistical Yearbook, in the year 1980-81, the output of artificial fertilizers for domestic agriculture decreased to 1,055,000 metric tonnes from 1,080,000, that is, by 10 percent, of which the output of nitrogenous fertilizers fell by nearly 10 percent to 10,000 metric tonnes and that of phosphoric fertilizers, by 10 percent to 25,000 metric tonnes. As for the output of potassium fertilizers, which until recently was mostly imported from Bulgaria and the Soviet Union, in 1981 it fell to 10,000 metric tonnes, compared with 11,000 metric tonnes in 1980. This has resulted in a dramatic decline in the application of artificial fertilizers per hectare of farmland. After reaching the record level of 100 kg in 1975, it dropped to 70 kg in 1980 and 60 kg in 1981. It is anticipated that this year will be even worse, with only a rate of 50 kg of fertilizers to be applied per hectare (page omitted).

Export Data

In view of the declining output in the fertilizer market, Poland's exports have been rising to expand its sales of artificial fertilizers on foreign markets. In 1980, good results were achieved in the domain of the exports of nitrogenous fertilizers, having been then quadrupled in comparison with 1979 and having reached 10,000 metric tonnes in terms of the pure substance. Thus, nearly 40 percent of domestic output was sold to foreign customers. The exports of phosphoric fertilizers amounted to 20,000 metric tonnes, more than double, but even so, they were 10,000 metric tonnes below last year's output, as in the preceding year (page omitted).

The hopes for foreign sales proved to be short-lived. Last year Poland's exports of artificial fertilizers dropped markedly to 10,000 metric tonnes or 20 percent for nitrogenous fertilizers and 20,000 metric tonnes or 20 percent for phosphoric ones. To a large extent this was due to our trading with the USSR in world prices, which, after other things resulted in a marked decrease in the price of the natural gas, the principal raw material of the nitrogenous fertilizer industry, imported from that country.

Thus production became less profitable and exports less competitive, which in the long run may seriously affect the performance of the industry. To be sure, for last year it has been difficult to assess the exact quantitative effect, owing to the fact of purchases for the required natural gas, which was partly hindered by exports of pharmaceuticals to the former USSR (page omitted).

The growing competition in the international market, combined with a weak demand and minor production capacity, caused the price of nitrogenous fertilizers to decline. Last February ammonia (N.H₃) price, including and freight parts of northwestern Europe was quoted at \$15.12 per metric tonne compared with \$16.10 in February 1980. A similar decline took place in the price

of urea, the principal kind of basic fertilizer, is international trade. Last February urea was offered at \$14-15 per metric tonne (f.o.b. free on board) Black Sea ports compared with \$14-15 per tonne a year previously. In 1964 certain parts of northwestern Europe, the prices of urea have been steadily declining to \$12-13 per tonne (costs depending on quality of coal used) (page continued).

A different consumption trend is, however, anticipated for the European non-ferrous countries (outside the Soviet countries, in which the consumption of artificial fertilizers is rising). In the opinion of Western observers, the decline in fertilizer consumption in the non-ferrous countries, starting with 1962, will continue for some time, and a gradual increase is expected only starting with 1965. It is assumed that the current consumption level of 1964 will not be surpassed until the end of this century.

In such a situation must indicate that, being concerned by reducing the gross imports of their non-ferrous fertilizer industry, East European producers will continue to

maintain their present plans. This may result in an increase in the supply on the international market to a level in excess of the demand, which in its turn would cause the price to fall.

On the same side, the operation of the urea market itself, namely, and especially the adoption of world prices of natural gas, will cause the producers of non-ferrous fertilizers in Central and East Europe to encounter varying conditions of operation on foreign markets. There is no doubt that Russian producers will be the best positioned, and it is they, too, who are chiefly exploiting promising opportunities for sales on foreign markets.

In the other hand, major questions mark the production of non-ferrous fertilizers in Poland, Rumania, and other countries of the region which used to use their formerly export standing in the performance price (in relation to Russian natural gas) (page this study is based on convertible currencies). It is hardly likely that they will match Russian and West exporters.

Educational Labor Contract Articles Published

A.2.4.10 The Bucharest 1987-1992 *in Romania*
A labor 1/2 pp. 4.1

[Title] articles 1-18 have already been registered and added to their final form. The negotiations continue. Since this is the first collective labor contract registered in Romania in the area of education, we urge all education personnel to subscribe to it, in the conviction that once they study its contents they will realize who really serves their interests and by what means.

FNPR (Federation of Democratic Education Trade Unions) may be contacted under telephone numbers: 51 11-81; 51-23-45; 51-77-71, or fax 51-31-45.

On the basis of the rights guaranteed by the Romanian Constitution and the Collective Labor Contract of National Level registered at the Ministry of Labor and Social Protection under No. 171/1978 Jan. 1982, the present Collective Labor Contract for the Branch of Education was signed between:

1. The employees, represented by **FNPR** through:

Constant Cristescu, president; Doru Bocușanescu, secretary general; Marian Cristescu, agent.

2. The management, represented by the Ministry of Education and Science (MES) and the State Secretariat for the Handicapped (SSR), designated by the Chamber of Commerce and Industry under Decree No. 2811 Feb. 1982, through:

Constanta Vitan, director administration of state trade organizations; MES Director Constanta Toudosescu; MES Director Mihail Vasilescu, head of MES general department Margareta Chisnă, legal adviser Dan Vasile-Cristescu, SSR administration of state.

CHAPTER I General Provisions

Article 1.—The contracting sides fully acknowledge and accept the fact that they are equal and free in the negotiation of the collective labor contract for the branch and pledge to fully observe its provisions.

Article 1.1.—The provisions of the present collective labor contract at branch level will be applicable to the employees represented by **FNPR** in primary-tertiary institutions and officials represented by MES and SSR.

1.2.—**FNPR** pledges to collaboration in a strictly manner to the MES and SSR for the use of means of the teachers and other employees represented by **FNPR** in which the provisions of the present contract are applicable.

Article 1.3.—The collective labor contract for the branch will be signed for a period of one year of the date of its enactment.

Article 1.4.—The present contract between the stated rights and obligations of the management and the employees represented by **FNPR**.

1.5.—The collective labor contract regulates:

a.—The economic guaranteed rights regarding:

a) individual labor conditions

b) Labor and labor protection conditions

c) Salaries and other money rights

d) Work schedule and leave

e) Social protection

f) The rights of the trade unions and of the organizations of the employees

g) Training, increasing skills, and professional improvement

h.—The obligations of the management represented by **FNPR**

Art. 1.10.—The present contract may be amended by the sides by means of negotiations in compliance with the law.

1.11.—Changes made in the contract will have the same effects as the contract.

1.12.—The sides pledge not to go on strike and not to lay off employees during the period of negotiations.

Art. 1.13.—The clauses of the present contract will be incorporated in decrees.

1.14.—If a requirement is not reached, the clause will be incorporated in favor of the employees.

1.15.—Changes occurring in the process of changing, amending, or ending the collective labor contract at branch level will be settled by the first **FNPR** Management Commission in keeping with the regulations envisaged in the contract, understanding that does not rule out legal recourse to the authorized judicial bodies.

Article 1.16.—As from 15 days prior to the expiration of the period for which it was signed, the sides undertake to renegotiate the collective labor contract for the branch.

Article 1.17.—The sides agree that whenever legal regulations or arrangements regarding the rights and benefits flowing from the present contract are established in favor of the employees, they will become a legal part of the contract, its additional formation being requested in the future.

Article 1.18.—The sides undertake not to detain or to exercise support, for the duration of the present collective contract, the promotion of regulations apt to restrict the rights flowing from collective labor contracts in whatever form they were signed.

Article 1.19.—On the basis of the provisions of the present contract, within 15 days of its coming into force, negotiations will begin for collective labor contracts at the level of regional organizations.

Article 1.20.—The administrative councils of the MES and SSR and of the schools acknowledge their joint responsibility, in each together with the **FNPR** to realize immediate and long-term means regarding the Romanian primary-tertiary system to ensure the social and professional status of teaching staff, to ensure the relationship between the school and the society and the value of the school as one of the social values in Romania, to ensure the expansion of the cultural model of a comprehensive society, etc.

(2)—The fulfillment of these objectives will require mutual understanding and cooperation between management and trade unions and among all the members of the education system.

(3)—It is hereby acknowledged that the education system—a system of national interests—requires professionalism and that the success of the teaching and educational process depends on the professional skills of the teaching personnel, the availability of optimal working conditions, appropriate salaries, and secure jobs for all those involved in education.

(4)—It is hoped that free and frank exchanges of views will exist among all the factors involved in the teaching and education process for the purpose of multiplying working methods apt to contribute to enhancing the effectiveness of teaching personnel both at school and in the society.

Article 11.—The collective labor contract is viewed as an imperative requirement both at this time and in the future for the following reasons:

a) It implements the social accord between the two sides—management and employees—thus ensuring a much lower settlement of the possible differences that may emerge without having to modify the legislation in effect.

b) It is an efficient tool for instituting social rules based on the principle of the individual value of the employee, which is recognized according to the volume and quality of the work performed.

c) It guarantees both rights and obligations for a determined period of time and allows disputes to be solved by joint commissions of the signatories, thus making it possible to individualize solutions and to eliminate the treatment of individual cases as a lump, or neglect due to failure to realize the signals sent by particular cases.

d) It favors administrative institutions of having to deal with certain cases in the interest of educational substance.

e) It is an act of legal value because it represents the outcome of negotiations and because it can only be changed in time.

f) It is a document worked out on the basis of a thorough understanding of the education process, deriving from the negotiations between the concerned sides.

g) In ensuring the responsibilities flowing from the present contract, each side will contribute to preventing disputes between the sides by drafting its own document-making documents and acts.

CHAPTER B: Representative Organization

Article 12 (1)—The employees, trade union members and members of affiliated trade unions (as published) may opt—by means of a written individual application in keeping with Article No. 2—for the FSIOP to represent their interests for the duration of the collective labor contract. On the basis of such an option the FSIOP will

organize the stream of education personnel before governmental and nongovernmental, domestic and international bodies in all the areas falling under the incidence of trade union activities, within the framework of the collective labor contract and in compliance with FSIOP decisions.

(2)—FSIOP will be recognized as the sole representative of FSIOP members and employees represented as per Article 12 (1). The MES and SSM will recognize the representation established by the FSIOP.

No other group, organization, or representative will be recognized or will be allowed to engage activities on behalf of the FSIOP.

The above provisions do not exclude the right of the persons represented by the FSIOP to advance suggestions or recommendations in their own name concerning various education issues.

(3)—This contract does not in any way obligate education personnel to join or not join any organization.

(4)—In order to realize special negotiations, the interested sides to the contract are entitled to designate representatives.

(5)—Professional differences and problems will be resolved in accordance with the procedures envisaged in this contract.

(6)—The joint commission for the branch will be formed by an order of the MES and SSM and a FSIOP document. The commissions for the regional supercenters and schools will be made up by documents issued by them as follows:

a) For schools: Three members of the management council and three representatives of the trade union organization.
b) Regional (supercenter, coordination school, budget center, regional area): Regional inspectors and trade union leaders.

c) For counties: Members of the management council of the regional supercenter and regional center trade union representatives.

d) For the MES and SSM: Members of the management council and FSIOP representatives.

(7)—The number of members in the commissions listed under Art. 12 (6) points A, B, C will be jointly decided, wherein the number of management and trade union representatives must be equal.

(8)—In special situations, should the sides so decide, MES/PS (Ministry of Labor and Social Protection) and MES/PS (personnel) Department for Labor and Social Protection may be asked to mediate.

(9)—In order to ensure that these commissions can do good work, the sides undertake to provide the representatives with all the documents necessary to realize the Report.

Article 13.—Upon the written request of FSIOP representatives, the management councils will graduate any document requested, in compliance with Law 549.

Article 14—In compliance with Article 59 of Law No. 54/91, the management councils are obligated to invite to their meetings representatives of the local FSI/PR organization and to announce the agenda, day, and venue of the meeting at least three days prior.

Article 15—Upon the request of the management councils, the trade union will furnish copies of documents concerning joint actions.

Article 16—The trade union undertakes to inform the management councils of any change in the composition of the bodies elected and of 1/2 decisions adopted at any level regarding education activities.

Article 17—To ensure that the personnel is well informed, the management council will allow the FSI/PR organizations to establish trade union information points in schools.

Article 18—The sides will cooperate on drafting an annual program of activities regarding common objectives and the responsibilities incumbent on each side for implementing the present contract.

Article 19—The sides agree that, by cumulating the five days provided by law for the elected trade union bodies, upon the specific recommendation of the federation, one trade union leader will be selected to work full time for 1,000 trade union members, his salary to be paid by the management for implementing the provisions of Article 13 of Law 54/91, and his chair position to be kept for him.

Article 20—The sides agree that the union will provide, free of cost, premises and the means required to carry on trade union activities, without thereby affecting the space earmarked for teaching, protection, recovery, medical assistance, and housing.

CHAPTER III: Claim Procedures

Article 21—For the purpose of the present contract, a claim is a complaint regarding a violation, infringement, or a wrong interpretation or implementation of any of its provisions.

Article 22 (1)—At school level, any employee or trade union organization may file a written complaint with the principal or management council within at most three working days of the incident in question.

(2)—The complaint must bear the signature of the claimant and it must be registered and dated.

(3)—Anonymous complaints will not be considered.

Article 23 (1)—Within three working days of receipt of the complaint, the principal will summon the claimant and discuss the matter with him and with other persons involved.

(2)—The discussion and outcome will be noted in a report.

(3)—The claimant must be heard personally.

(4)—Should the complaint not be resolved, it must be presented to the joint commission in charge of settling disputes.

(5)—The principal or the management council must take a decision and communicate it in writing to the claimant, the regional schools inspectorate, and the school trade union leader within six working days of the date of registration.

Article 24 (1)—Should the solution be unsatisfactory to the claimant, within three days of the written communication he may request, through the trade union organization, that the decision be reviewed by the regional joint commission for disputes.

(2)—The appeal will be made in writing and will be accompanied by the documents on which it is based, as well as by a copy of the decision.

(3)—The regional joint commission will resolve the claim, within at most five days of being notified, by the following procedure:

a) Will study the sides involved at least two days before the interview.

b) Will make every effort to satisfy the sides involved.

(4)—The decision of the commission and its grounds will be communicated in writing to the sides involved, the regional inspectorate, the regional trade union organization, and the OMPS five days after the notification.

Article 25 (1)—Within three days of receipt of the decision of the regional joint commission, the claimant may appeal through the county trade union organization to have his complaint considered by the county joint commission for disputes.

(2)—The trade union organization filing the complaint is obligated to request all the data which make up the case file and any additional information. The schools required to issue the documents in question are obligated to return them to the claimant within 24 hours.

(3)—Within at most five working days of the filing of the complaint, the county commission is obligated to discuss the complaint, hear the sides, and issue a decision.

(4)—The decision is final and will be communicated within three days of the complaint being resolved. Should the claimant not be satisfied with the decision of the county commission, he will send the case file forward, numbered, sealed, and bearing the written address.

Article 26 (1)—Within five working days of receipt of the notification of the regional or county trade union organization, the Branch Joint Commission will begin hearings and will resolve the notification within at the most five working days. The Branch Joint Commission is authorized to resolve disputes (conflicts) between the regional or county trade union organization and the management.

(2)—The decision will become final as the terms of a pronounced and will be communicated to the sides within three days.

(3)—Should the claimant not agree with the decision, he may appeal to the authorized court. Upon the written request of the court notified by the claimant, the National

Arbitrage Commission will forward the case file, unburdened, sealed, stamped, and bearing the written address.

Article 23 (1) - The expenses incurred in handling such complaints will be borne as follows:

- a) For the management representatives, by the management;
- b) For the trade union representatives, by the organization;
- c) For trade union members, 50 percent by the claimant and 50 percent by the organization. If the trade union organization costs and supports the complaint, should the case also involve witnesses, the related expenses will be borne according to the same rule;
- d) Should the claimant in the case not be a trade union member, the claimant will bear the cost of the dispute both for himself and for the witnesses.

(2) - Such expenses will be deducted only on the basis of the relevant documents in keeping with the legal provisions and the statute of the trade union organization.

Article 24 - Any complaint whose solution constitutes the re-establishment of an authority higher than the principal management, trustees, etc., will be initiated directly by the county FSIPIR or SIPIR (Pre-socialist Education Trade Union) organization, in keeping with the level of the case.

Article 25 (1) - The organization may initiate an appeal for enforcement at any point in the procedure.

(2) - The decisions and decrees issued below the level of the National Branch Joint Commission may be reviewed and reconsidered by the latter. A review or reconsideration may be initiated by both the MES and SSB, or the FSIPIR within five days of the decision or decree being handed down in accordance with the procedure envisaged in Article 26.

(3) - MES, SSB, and FSIPIR agreed that any person who is not a trade union member or is a member of another trade union organization may, at his request, be defended by the FSIPIR if a complaint or appeal, on the basis of conditions recommended by the FSIPIR and accepted by the claimant.

Article 30 (1) - Interviews will be established in a neutral fashion, at a location and hour allowing both the sides involved and the witnesses to attend.

(2) - The signatures are entitled to designate a representative at each stage of the procedure to present his viewpoint; the representatives will be authorized for the case in question.

(3) - The joint commissions, regardless of level, will as a rule carry on their activities outside the working schedule should the procedure take place during the working schedule; the participants will not forfeit any part of their salary.

(4) - Any delay caused by the management at any level of the joint commissions in communicating a decision within the terms established will allow it to be forwarded to the

next stage. Enforcing any terms at any point in the procedure must be based on a well-grounded agreement between the sides.

CHAPTER IV Working Conditions and Norms

Article 31 (1) - In order to raise the level of Romanian education up to international standards, the sides believe it necessary to allocate a part of the LNP (wages) contract with the attainment of this objective.

(2) - In working out the budget for education and promotion, MES and SSB will take into account the need for a national education strategy. The MES and SSB will produce the background data for suggesting and improving the budget.

(3) - MES and SSB, in consultation with all the responsible factors (the Ministry of Finance, other institutions with responsibilities in the area of education, pedagogues, city halls, economic units, etc.) are obligated to ensure conditions, within the confines of the budget allocated, for appropriate educational activities:

- a) Build school premises;
- b) Repair existing school facilities;
- c) Perform maintenance and logistic services at the existing premises at least once a year;
- d) Provide teaching material suitable for the profile of each school;
- e) Provide library material;
- f) Provide the organized period in compliance with the collective labor contract signed with FSIPIR.

(4) - In order to become thoroughly familiar with the working conditions of given collectives of employees, at the initiative of the MES, SSB, and FSIPIR joint commission issues may be forwarded to management the measures required to deal with the conditions faced.

(5) - A joint commission will be formed to recommend criteria for school classification, establishing the number of cars, administration, mechanical, and library personnel, defining rates with special working conditions for school teachers and masters or other compensations will be awarded in keeping with the legal regulations.

(6) - As far as the MES and SSB are obligated to provide materials and financially for education and for the protection equipment specific of each working place and employee, in keeping with the risk factors involved in the working program.

Article 32 - Working schedule of teaching staff

(1) - Under the working schedule of teaching staff is meant the time necessary to carry out teaching and educational activities:

A. At school

- A.1 Teaching period
- A.2 Preparing teaching material, audio-visual material, and working equipment and apparatus
- A.3 Preparing practical work requirements, demonstrations, laboratories, and experimental material
- A.4 Supervision and guidance for practical work

A.5 Organization and performance of guidance classes

A.6 Student supervision during breaks, provided by teachers on duty designated by a relevant system among the school staff.

B. Grade school

B.1 Studying the school plans, curricula, and textbooks

B.2 Studying the literature in the field

B.3 Providing technical documentation

B.4 Making teaching material where necessary, the cost for and kind of such material will be left to the discretion of the teacher

B.5 Correct assignments and other work by the students

B.6 Grade exams

B.7 Work out the yearly schedule of assignments and class work

B.8 Work together with the student's family outside the school

Article 12 (2)—The overall working schedule of the teaching personnel at school and outside of it will be eight hours a day on the average, or 40 hours a week.

Article 13—MES and SSP will implement the teaching norms established under the legal regulations in existence.

Article 14—The working schedule of auxiliary and, secretarial, accounting, maintenance, service, guard and other personnel will be on the average 170 hours a month (five eight-hours working days).

Article 15 (1)—The norms for auxiliary teaching personnel, administration, service, guard, and other personnel will be established by the MES and SSP in consultation with the FSIPT. The number of slots will be calculated on the basis of three norms by the regional school organizations, as a rule as a county average, and the slots will be assigned to the schools in accordance with the volume and complexity of the work and in consultation with the regional FSIPT organizations.

(2)—The following rules will be observed in implementing the norms established norms:

a) Priority will be given to filling out part-time personnel slots.

b) Any unassigned fractions of slots may be awarded by adding to the slot holder whose actual duties exceed his working time.

Article 16—Working conditions and labor protection

(1) In establishing the working conditions for education personnel account will taken of the relevant international conventions to which Romania is a party.

(2) The organizations undertake to cooperate as closely as possible in setting the work standards in education, establishing schools and working norms for each school with special working conditions, for which benefits and money or other compensations will be awarded in compliance with the regulations in effect.

(3) In order to improve the conditions in which the teaching staff and other categories of personnel carry out

their activities, the management (MES) undertakes to carry at least the following measures:

a) Create environmental conditions (regarding lighting, climate regulation, noise, vibration, temperature, air, breaks between shifts, sleeping);

b) Provide school facilities for the employees (dormitories, bathrooms, women rooms, study rooms, documentation and research rooms);

c) Eliminate or reduce environmental pollution.

(4) The FSIPT may organize and carry out inspections regarding the implementation of the norms, regulations, and legal provisions concerning work protection and safety.

Article 17—Time off

(1) Time off outside the working schedule in the education sector will take the following forms:

a) Daily rest, at least 1.2 hours.

b) Weekly time off, at least 48 consecutive hours, out of which at least twice a month one day must be a Sunday.

c) Annual leave, in accordance with the law in effect.

(2)—Throughout the annual leave the employees are entitled to a leave allocation (in addition to their benefits), which may not be lower than the base pay, seniority allowance, and according to case, managerial slot allocation, calculated and calculated on the date on which the leave begins.

(3) A vacation bonus proportional to the leave allocation but no higher than one monthly salary will be paid out of extraordinary funds obtained from payroll savings and other financial resources (donations made for the purpose by members of the local education community, town halls, economic union, etc.).

(4) A fund will be created for this precise purpose. Donations made for this fund may not be used for other purposes. The amounts left at the end of the fiscal year will be deposited in an account for the following year.

(5) The fund earmarked for vacation bonuses will be envisaged in the special budget attached to the MES and SSP budgets and in regional organizations budgets, and its use will be decided by the management councils of the regional organizations in consultation with the trade union, on the basis of a percentage quota of the overall amount of the extraordinary resources achieved.

(6) The vacation bonus fund will be established for each school and institution of special education by the management councils of the regional organizations in consultation with the regional trade union organizations.

Article 18—The following are non-working days

a) The days of month rest, as a rule Saturday and Sunday.

b) Legal and regional holidays.

(1) 1-2 January—New Year—Labor Day 1-4 December—Romanian's National Day 4-5 Easter holidays (Easter day) 5-25-26 December—Christmas

(1) The employees are entitled to paid leave on whatever such as:

—Employer's marriage—five days—A child's marriage—three days—Family funeral (spouse, child, parents)—three days.

(2) Two days of paid leave may be awarded in the case of a child's illness or accidents, on the basis of a medical certificate.

(3) Employees who are studying for a degree will be entitled to:

—30 calendar days of paid leave once for taking the examination for a university or supervisory degree.

—30 calendar days of unpaid leave for taking regular high school, university or supervisory examinations.

CHAPTER V Salaries and Other Money Benefits

Article 19—Each employee is entitled to receive a salary for work performed in keeping with the terms of the collective labor contract for the branch.

(1) The salary includes the base pay, base pay increments and allocations, indemnization payments, and compensations.

(2) A minimum salary will be established for each category of personnel on the basis of the salary steps adopted under the collective labor contract for the branch (Annex No. 9). While individual labor contracts may establish individual minimum salaries on the basis of the value of the work performed by each employee.

(3) In order to finance these individual negotiations, the payroll fund will be increased by 15 percent of the payroll fund required for the salary step recommended by the SNIFR.

(4) The increments awarded under the terms of the present contract are:

Salary Step	Percentage of the Base Pay
0-5 years	5 percent
5-10 years	10 percent
10-15 years	15 percent
15-20 years	18 percent
20-25 years	21 percent
Over 25 years	25 percent

(1) For the purpose of establishing the seniority of personnel who did not work in education, the school management together with the school trade union organization may agree to take into calculation the periods of time worked in sectors other than the budget sector, if they believe that the experience gained during those periods will be useful to the employee in fulfilling his duties and tasks.

(2) The seniority increment will be paid as of the first of the month following the one in which the seniority recognized for the respective step was attained.

Article 41—A 20-percent increment will be added to the base pay for activities requiring very great mental stress or carried out in special working conditions. This increment will be awarded to personnel in charge of caring for children or of special education, training and protecting the handicapped, and teachers employed in simultaneously teaching two-four elementary classes, guiding psychological-pedagogical practice, advanced training for teachers and educators, sports clubs and high schools, and Article

Article 42 (1)—In order to attract special teaching personnel, an increment of up to 20 percent will be awarded according to altitude, difficulty of access, degree of geographical isolation, difficult meteorological conditions, humidity, etc.

(2) The areas, locations, schools, and specific amount of the increment will be established under the collective labor contract for the branch after negotiations between the signatories.

Article 43 (1)—The personnel working between 2,200-2,600 hours will receive a 25 percent base pay increment if the time worked during those hours represents at least half of their schedule.

Article 44—Increments for carrying out duties in addition to the basic teaching work. Teacher-home-room adviser—1,500 lei.

Article 45—The above listed increments will make up a part of the base pay.

Article 46—Hourly wages

(1) Teaching personnel may do overtime as follows:

—A full schedule in pre-school and elementary education.

—1/2 schedule in intermediate high school and vocational education.

(2) In exceptional situations when another teacher cannot be hired and there is only one specialized teacher in the locality for the respective personnel, another full schedule may be taken on in intermediate high school and vocational education, too, with the approval of the school inspector.

(3) Reserved vacancies may be filled on an hourly basis if the classes in question are not incorporated in a teacher's position or if they exceed the weekly teaching schedule, as well as activities such as admissions, final high school exams, classes or exams for teaching in-steps, and advanced teacher training.

(4) In special cases and according to need, the management council may ask the executive (administrators) and auxiliary teaching personnel, by a written order, to do overtime or exceed of their schedule and on holidays.

Article 47—Hourly pay

(1) Teaching personnel may do overtime as follows:

—A full schedule in pre-school and elementary education.

—(1/2) schedule in intermediary high school and vocational education.

(2) In exceptional situations (when another teacher cannot be hired and in the locality there is only one specialized teacher for the position in question), with the approval of the school inspectorate, a full schedule may be added on in intermediary high school and vocational schools, too.

(3) Reserved vacancies may be filled on an hourly basis if the classes in question do not constitute teaching slots, classes in excess of the weekly teaching schedule and activities such as admissions, final high school exams, inspections, classes or examinations for teacher levels, and teacher advanced training.

(4) In special cases and in accordance to need, the management council may ask the executive (administration) and auxiliary teaching personnel to do overtime, by a written order, in excess of the normal working hours and on holidays, with their agreement.

(5) The hours worked in excess of the normal working schedule will be compensated by the same amount of leave. If the work thus done cannot be compensated in accordance to Article 754, the overtime will be paid as follows:

(a) Hours worked in excess by teaching personnel will be paid as follows:

a) Teachers with more than 25 years' seniority—1/100th of the base salary.

b) Teachers with less than 25 years' seniority—1/200th of the base salary.

c) Head instructors—1/100th of the base salary.

d) Hours worked on weekly days off or on other days that are not working days in keeping with the regulations in effect will be paid by a 100 percent increment (Olympic games, admission exams, final high school exams, school sporting competitions, other admissions, additional student training for country and higher level competitions).

(7) Supplementary hours worked by other categories of personnel in education, as follows:

—First two hours—90 percent over the hourly pay.

—Following hours—100 percent over the hourly pay.

(8) Overtime will be done by categories of personnel other than teachers with the agreement of the person (persons) involved and in consultation with the school FNIFB organization.

(9) Tenured physical education teachers employed by school sports clubs, who have master qualifications that entitle them to a higher salary than tenured teacher, will be paid according to master classification, without thereby losing their teacher benefits.

Article 42—In order to attract qualified persons to schools experiencing an acute shortage of specialized teachers, professionals from other areas of activity may be hired (for

example, music high schools may hire instrumental musicians, agricultural high schools—agricultural engineers, electronics, electrical engineering, and computer high schools—computer workers, etc.). The latter will be paid on an hourly basis, the unit of calculation being 1/100th of the base salary at which they are employed by their home enterprise. Such aides can be hired by the school management in consultation with the school inspectorate.

Article 43—Managerial allocations

The following benefits will be paid for managerial positions in education:

(Position Salary + allocations)

1. Inspector general (the positions in question refer to county school inspectorates and of the Bucharest Municipality): the salary corresponding to the position and teaching level + 8,000 lei.

2. Deputy inspector general: the salary corresponding to the position and teaching level + 7,000 lei.

3. Specialty inspector: the salary corresponding to the position and teaching level + 5,500 lei.

4. Personnel inspector: the salary corresponding to the position and teaching level + 5,500 lei.

5. Regional inspector: the salary corresponding to the position and teaching level + 5,000 lei.

6. CCD (explanation not known) director: the salary corresponding to the position and teaching level + 6,000 lei.

7. CCD method experts: the salary corresponding to the position and teaching level + 5,000 lei.

8. Psychological-teaching counselor: the salary corresponding to the position and teaching level + 4,500 lei.

9. School principal: the salary corresponding to the position and teaching grade + 4,000 lei.

10. Deputy principal: the salary corresponding to the position and teaching level + 3,500 lei.

11. First head secretary: the salary corresponding to the position + 2,500 lei.

12. First chief accountant: the salary corresponding to the position + 2,500 lei.

CHAPTER VI. Social Protection

Article 49—Personnel cuts. Should the management (MES and/or county school inspectorate) be compelled to make personnel cuts following cuts in activities, the sides agree to observe the following principles:

a) The management (MES and/or school inspectorate) will show the trade union the reasons for the cuts decision and proposals for reorganizing the personnel, modifying the work schedule, organizing qualification, retraining, or profession change classes, reorganizing the school district, the number of students per class, etc.

b) The above reasons, along with the objections and proposals of the trade union, will be discussed by the joint FSNPR-management commission.

Article 50 (1)—Regarding the teaching staff of all schools, regardless of the ministry or department to which they belong in the case of dual control, only the MES and/or county school inspectors are authorized to take decisions concerning transfers, appointments, temporary assignments, awarding teaching levels, activity cuts, lay-offs, or any other situations.

(2) After a joint decision is taken, the management (MES and/or school inspectors), are obligated to inform the personnel about the number of cuts and their nature as follows:

—At least six months prior, if the cut is due to a drop in the student population in the school district and if an analysis of the situation prevailing in the respective locality does not allow for other solutions.

—At least 45 days prior, if the cuts are due to other causes.

Article 51—If the cuts involve the dissolution of individual work contracts, the following procedure order will be followed:

a) Working more than one job and hourly pay will no longer be allowed.

b) No combining pensions and salaries.

c) Personnel who meet retirement conditions will be retired.

d) Personnel who do not have children in their care (will be laid off).

Article 52—Labor contracts may not be dissolved in keeping with Article 8.1 of the present branch collective labor contract in the case of the following categories of personnel:

a) Personnel protected by law or by the respective collective labor contract.

b) Persons who are the only bread-winners in the family or have children in their care.

Article 53—If the layoffs cannot be averted, the management is obligated to communicate, at least 30 working days prior, the fact that the labor contract is to be dissolved and the reasons for it.

Article 54—Persons who completed an advanced training course and signed a contract obligating themselves to work in schools controlled by the MES, which paid for their schooling, and who are not laid off for their fault, will not be obligated to pay damages for the period of time under five years left unexpired.

Article 55—Together with the layoff notice, if it is not due to the employer's fault, the school will pay him a compensation equal to at least 100 percent of the monthly salary, not including the benefits due.

Article 56—If the employee is incapacitated in the wake of a work accident for which the unit is responsible or of a

professional disease, the unit will pay him a compensation equal to at least the difference between the base pay on the date of the incapacitation and the amount received.

Article 57—Employees with a minimum of at least five years in the unit, whose labor contract is dissolved for being pensioners, being of retirement age, or being incapacitated, will be paid by the unit an allocation equal to at least one monthly base pay.

Article 58—Aside from the aid to which they are entitled by law, employees will also be awarded the following benefits:

a) On the death of the employee and to the family, consisting of a minimum of three times monthly salaries.

b) On the death of an unemployed spouse or child, not consisting of at least two times minimum salaries.

c) On the birth of each child, the mother will receive at least one minimum salary.

Article 59—In addition to the legal paid leave granted for the care of babies under one year of age, employed mothers may receive another unpaid leave of absence. During the time that the employee is on the kind of leave encouraged above, she will preserve her right to the state children allowance and her labor contract may not be dissolved, nor may other persons be hired in her stead except under a limited working contract.

Article 60—Women employees who have a baby under one year of age, who do not claim the legal paid leave, may have their daily working schedule reduced by two hours, without thereby losing from their base pay or salaries.

Article 61—On the death of a mother, the position to which she was entitled for caring for a child under one year of age will be shifted to the father, if he has the child in his care.

Article 62 (1)—The price of vacations awarded to employees who go to spas for the treatment of professional diseases under medical recommendation will be entirely supported by the school.

(2) Employees who receive treatment and rest (vacations for watering up) and other means belonging to trade unions are entitled to a price cut no smaller than 90 percent of their nominal value, whereby the difference will be paid by the management.

Article 63—Borrowing money allocated to schools and housing that has become available will be allocated to the employees by a joint administration-trade union commission according to the criteria established under labor contracts.

Article 64—The children of employees in the education system will be exempted from any school fees for the entire period of their schooling (pre-school, elementary, secondary, vocational, and high schools).

Article 65—In order to protect the legal labor force, the union agrees that foreign citizens may be hired only within the framework of the conditions and limitations agreed.

upon under the collective labor contract and according to the legal provisions. The opportunities of having foreign courses will be established by the MNS and FNUF in agreement.

CHAPTER VII Professional Training

Article 66.—The sides agree that the term professional training will comprise every form of professional training, retraining, and any transfer by which employees acquire a specialty or advanced training in their own area and receive a certificate or diploma to attest it.

Article 67.—The sides agree that the following factors will be considered regarding professional training:

a) identify the positions for which training is required and the means to attain it; the management (MNS and/or school superintendents) and the NUPF county organizations will jointly adjust the annual program and correct its implementation;

b) The schools will bear the expenses involved in training employees in its courses;

c) Should the need be scheduled in partially or completely change its activities, the management (MNS and/or school superintendents) will inform and consult the NUPF at least three months prior to the implementation of the measure and will offer its own employees means of training or retraining before leaving outside labor force.

Training staff with two specialties can practice either specialty depending on the needs of the school without any discrimination.

d) Should an employee already a professional course be wanted to take, organized by a third party, the management (MNS and/or school superintendents) will examine the request together with the trade unions, the Ministry and if what conditions to bear the cost of the course will be up to the management.

Article 68.—As the case of refresher courses, the management pledges to provide 10 percent of the participants expenses (transportation, accommodation, meals).

Article 69 (1).—Training levels in the educational system will be awarded as follows:

- Entrance—after two years in the educational system;—
- Level II—after four years in the educational system;—
- Level I—after six years in the educational system.

(2) Testing sessions will be organized as follows for the training staff listed under these conditions:

- During the winter vacation for entrance—During the spring break for Level II.—For Level I a registration by 1 December 1991, to taking the specialty examination (second part of the winter vacation); c) selecting the request for the written paper for the candidates admitted for the specialty course.

These examinations will be taken in accordance with the methods approved by the MNS.

CHAPTER VIII Transfer and Language Assignments

Article 70.—Transfering staff may be requested upon request from one school to another, is also authorized in regard to that to become vacant in the order of transfer.

(1) Vacant positions will be advertised each year in the MNS-FNUF information bulletin, the educational publications of the MNS and local publications.

(2) Transfering staff with at least one year experience in their position may request to be transferred.

(3) The transfer requests will be filed with the school for which the employee is applying within 15 days of the position advertisement.

(4) The board of administration of the school that advertises the vacant position will examine the applications and enough candidates on the basis of the candidate's curriculum vitae and an interview within 15 days of the date on which the application was filed.

The hiring decision will be made by the school principal, who is responsible before the superior administrative bodies (superior school centers).

(5) The administration staff will examine the file will be made up of their members of the board of administration and the obligatory participation of the school principal, representatives of the school superintendents and the FNUF organization in the school or request of the candidate or a FNUF member will attend as observer.

(6) Training staff will be requested to move to the school superintendents upon the request of the school board of administration.

(7) Should a transfer to a vacant position be requested and approved during the course of the school year, upon the request of the school board of administration, the superintendents will approve the request on the day of their staff and the transfer then transferred will receive the status of holder of the respective teaching position.

(8) In the case of transfer creating from such position will be taken of the teaching staff, by adjustments allowed at the position, university in the educational system and the school, and labor situation.

Article 71.—The groups of children and classes of students existing on 17 September of the school year that constitute a position and for which a teacher was assigned, that not be dissolved or integrated during the school year. It is a small the respective teaching position is pronounced.

Article 72.—The list of teaching positions due to be left period or more will be published by 1 April and teaching staff may be requested by 15 May of the respective school year.

Article 73 (1).—The situation request to join will be resolved in a given order, according to the existing norms. The order is the following: in the same locality, in a neighboring locality, from a rural locality to another rural locality, from an urban environment to another urban

environment, in the same country or in other countries, but in violation of the anti-discrimination law(s).

Article 4.—Compliance concerning requests to transfer jobs will be addressed to the school organizations within 10 days and the latter will deal with them in keeping with the legal provisions. The administration is charged of dealing with complaints and complaints from FSNP representatives from the county organizations or, otherwise, if FSNP members are among the complainants.

Article 5.—Persons left vacant after appointments in the education system (teachers, technicians, medical assistants, nurses, and other situations envisaged by the law) may be filled by temporary assignments.

Article 6.—Vacation of teaching positions may be to grant temporary assignments in the same locality or in other localities, regardless of county seat, with the agreement of the employer or persons, until the return of the position holder.

Article 7.—The positions envisaged in article 6, 1, 2 which were not filled by temporary assignments, and those that become vacant during the school year may be filled by candidates who have the studies required by the position.

Article 8.—Candidates may be hired by the school organizations for the duration of the school year or until the return of the position holder.

Article 9.—If the administration fills the position for one school year and then, it will be closed according to the legal provisions with the exception of teaching staff with contract and other teaching staff.

Article 10.—Hiring teaching staff will be approved and transferred by the school principal upon the recommendation of the board of administration and in compliance with the legal conditions.

CHAPTER 3. The Rights of the Trade Unions or Employees Organizations and Representatives

The agreement shall recognize the freedom of opinion of each of them and of the employees in general.

Article 11.—The management (MIS) and/or school organizations pledge to adopt a neutral and impartial position toward the trade union organizations and their representatives.

Article 12.—The management (MIS) and/or school organizations pledge to ensure the necessary conditions for trade union activities as follows:

a) Ensure free premises, office equipment, and access to the means of communications and transportation.

b) Put at the employees' disposal, and financial documents, advice requested at the disposal of the trade union.

c) Allow the employees to use the material resources recommended for social, cultural, and sports activities within an organized framework.

d) Ensure protection, in compliance with the legal provisions, for the trade union members and their representatives in the trade union leadership bodies.

e) The boards of administration or all events are obligated to inform the trade union organizations with which they cooperate one copy of all the documents adopted and other information concerning the employees: teaching school, etc., pay, retirement courses, and promotion of personnel in the education system, other promotions, social security, working accidents, other disputes, and contributions from the state budget regarding all the subjects involved in trade union activities.

f) The MIS will order the persons in charge of paying out salaries to get the monthly trade union dues from the FSNP members on the basis of the lists and amounts communicated by the FSNP and to pay into the accounts of the affiliated trade union organizations and the federations, according to law.

Article 13.—Any decision to dismiss the individual labor contract of employees who are in the leadership of the trade union organization during their term and one year after the expiration of their term will be voided by the law.

Article 14.—The management (MIS) and/or school organizations will order the persons in charge of paying out salaries to get 1 percent of the salary of the employees who signed in writing to have their salaries represented under the FSNP collective contract, on the basis of the list communicated by the federations and accompanied by a copy of the written individual request. The amounts received will be paid into the FSNP accounts. See Article 10 and 11 with the Banking-MIS.

CHAPTER 4. Individual Labor Contract

Article 1.—In order to establish the rights and obligations of the employees, individual labor contracts will be signed upon hiring an employee, which will observe at the time the branch collective labor contract signed between the MIS and FSNP. The individual labor contracts will be adjusted every year to the provisions of the branch collective labor contract.

Article 2.—Employees who are not trade union members or are members of trade unions not affiliated to FSNP may request the labor to represent them under the present contract and any contracts flowing from it for signing an individual labor contract in keeping with the conditions established by the FSNP. If the employee accepts the conditions, the FSNP will report the name of the employee (employees) it agrees to represent and the local organization that will represent them to the management (MIS) and/or school organizations.

Article 3.—The collective (as published) labor contract will be signed for an indefinite period of time by the employees with the agreement of the trade union, in order to ensure the rights envisaged in the branch collective labor contract.

Article 14--In some cases, the individual labor contract may be signed for a definite period of time (for substitution) in keeping with the conditions expressed in the branch collective labor contract.

Article 15--The final employment of categories of personnel other than teachers will occur only after a trial period that may not be longer than three months. During the trial period the individual labor contract may cease without notice.

Article 16--The individual labor contract may be modified regarding the kind of work, place of work, and salary rights only with the agreement of the sides. The employer's refusal to accept a change in the contract (change regarding the place and kind of work and salary rights) does not enable the administrator to unilaterally break the contract for that reason.

Annex 1

Working Declaration

I, residing at No. street, county, LEJ No. series No. issued by me employed by it, do agree to read aloud to the classes of the national collective labor contract signed by the FICIS Conference and the collective labor contract signed for the education branch by the FNPR for the purpose of negotiating an individual labor contract, in compliance with the provisions of Article 1.

I agree that 1 percent of my monthly salary be deducted in favor of, in accordance with the conditions envisaged in Article 1.2, point 17 of the national branch contract, and that it be deposited in the FNPR account.

Place: Signature:

Annex 2

Individual Labor Contract

The individual labor contract No. was signed on the basis of the collective labor contract concluded between the FNPR and the MES and SSM and registered under No.

Between

The unit (institution), address represented by: Mr. and Mrs. (Mrs.) address, LEJ series No. issued by me, signed with a university of and the preliminary training of. The present labor contract is signed on the following conditions:

1. The labor contract is signed for an indefinite (definite) period of time beginning on and ending on.
2. Mr. (Mrs.) will fill the position of.
3. The place of work will be in.
4. Employment conditions: full-time, part-time.

1. The working conditions will be defined as: difficult, dangerous, harmful, overbearing, normal.

6. The monthly gross salary will be:

The salary will be paid in biweekly payments established as follows:

a) first biweekly payment on

b) second biweekly payment on

7) (bonuses) will be paid in keeping with the collective labor contract.

8. Mr. (Mrs.) will be entitled to the following advantages and the following money benefits:

9. The sides agree that certain employee money benefits be paid directly through the financial-accounting services of the unit as follows:

10. The duration of the annual leave will be of Mr. (Mrs.) will also be entitled to an additional leave of

The annual leave will be taken in keeping with the schedule agreed upon by the sides.

11. The general obligations of the sides:

The employer mainly obligates himself to:

—Provide the employer with appropriate working conditions and, in keeping with the specific conditions of his work, with everything required for the fulfillment of his work duties.

—Provide the employer with all the rights to which he is entitled in the conditions envisaged by the law.

—Observe and fulfill the provisions of the collective labor contract.

—Other obligations related to the specific work conditions.

The employee is obligated to:

—Fulfill the duties and tasks established by the present description entered in the individual labor contract.

—Observe the provisions of the collective labor contract and the internal order regulations.

—Other obligations specific to the present or particular.

The present contract is signed in two copies, one of which will be kept by the unit and the other by the employee.

Employer:

Employee:

Annex 3

The present contract was concluded on date in changing on the basis of

Employer: Employee:

After fulfillment of the legal procedure on date, the validity of the present contract extends to for the following reason: based on, in accordance with article

Employer:

Employee:

1000

[illegible]

Table 1

Salaries for Auxiliary Working Positions						
Position	Grade	1	2	3	4	5
1. Operator	Op	16,000	16,000	20,000	20,000	20,000
2. Assistant	Op	16,000	16,000	17,000	17,000	16,000
3. Lab. Worker I	Op	17,000	17,000	17,000	17,000	16,000
4. Lab. Worker II	Op	16,000	16,000	17,000	17,000	17,000
5. Supervisor	Op	16,000	—	—	—	—
6. Chief	Op	17,000	17,000	17,000	17,000	16,000
7. Assistant	Op	16,000	—	—	—	—
Grades for Executive Positions						
1. Chief	Op	—	—	—	—	—
2. Assistant	Op	—	—	—	—	—
3. Publishing House	Op	20,000	20,000	20,000	20,000	20,000
4. Chief	Op	20,000	20,000	20,000	20,000	19,000
5. Chief II	Op	21,000	21,000	21,000	21,000	20,000
6. Supervisor	Op	20,000	—	—	—	—
7. Assistant	Op	19,000	19,000	20,000	20,000	20,000
8. Assistant	Op	19,000	19,000	19,000	19,000	19,000
9. Chief	Op	19,000	19,000	19,000	19,000	19,000
10. Chief II	Op	18,000	18,000	18,000	18,000	18,000
11. Chief	Op	17,000	17,000	17,000	17,000	17,000
12. Chief II	Op	17,000	17,000	17,000	17,000	17,000
13. Chief	Op	16,000	16,000	16,000	16,000	16,000
14. Chief II	Op	16,000	16,000	16,000	16,000	16,000
15. Chief	Op	15,000	15,000	15,000	15,000	15,000
16. Chief II	Op	15,000	15,000	15,000	15,000	15,000
17. Chief	Op	14,000	14,000	14,000	14,000	14,000
18. Chief II	Op	14,000	14,000	14,000	14,000	14,000
19. Chief	Op	13,000	13,000	13,000	13,000	13,000
20. Chief II	Op	13,000	13,000	13,000	13,000	13,000
21. Chief	Op	12,000	12,000	12,000	12,000	12,000
22. Chief II	Op	12,000	12,000	12,000	12,000	12,000
23. Chief	Op	11,000	11,000	11,000	11,000	11,000
24. Chief II	Op	11,000	11,000	11,000	11,000	11,000
25. Chief	Op	10,000	10,000	10,000	10,000	10,000
26. Chief II	Op	10,000	10,000	10,000	10,000	10,000
27. Chief	Op	9,000	9,000	9,000	9,000	9,000
28. Chief II	Op	9,000	9,000	9,000	9,000	9,000
29. Chief	Op	8,000	8,000	8,000	8,000	8,000
30. Chief II	Op	8,000	8,000	8,000	8,000	8,000
31. Chief	Op	7,000	7,000	7,000	7,000	7,000
32. Chief II	Op	7,000	7,000	7,000	7,000	7,000
33. Chief	Op	6,000	6,000	6,000	6,000	6,000
34. Chief II	Op	6,000	6,000	6,000	6,000	6,000
35. Chief	Op	5,000	5,000	5,000	5,000	5,000
36. Chief II	Op	5,000	5,000	5,000	5,000	5,000
37. Chief	Op	4,000	4,000	4,000	4,000	4,000
38. Chief II	Op	4,000	4,000	4,000	4,000	4,000
39. Chief	Op	3,000	3,000	3,000	3,000	3,000
40. Chief II	Op	3,000	3,000	3,000	3,000	3,000
41. Chief	Op	2,000	2,000	2,000	2,000	2,000
42. Chief II	Op	2,000	2,000	2,000	2,000	2,000
43. Chief	Op	1,000	1,000	1,000	1,000	1,000
44. Chief II	Op	1,000	1,000	1,000	1,000	1,000
45. Chief	Op	0	0	0	0	0
46. Chief II	Op	0	0	0	0	0
47. Chief	Op	0	0	0	0	0
48. Chief II	Op	0	0	0	0	0
49. Chief	Op	0	0	0	0	0
50. Chief II	Op	0	0	0	0	0
51. Chief	Op	0	0	0	0	0
52. Chief II	Op	0	0	0	0	0
53. Chief	Op	0	0	0	0	0
54. Chief II	Op	0	0	0	0	0
55. Chief	Op	0	0	0	0	0
56. Chief II	Op	0	0	0	0	0
57. Chief	Op	0	0	0	0	0
58. Chief II	Op	0	0	0	0	0
59. Chief	Op	0	0	0	0	0
60. Chief II	Op	0	0	0	0	0
61. Chief	Op	0	0	0	0	0
62. Chief II	Op	0	0	0	0	0
63. Chief	Op	0	0	0	0	0
64. Chief II	Op	0	0	0	0	0
65. Chief	Op	0	0	0	0	0
66. Chief II	Op	0	0	0	0	0
67. Chief	Op	0	0	0	0	0
68. Chief II	Op	0	0	0	0	0
69. Chief	Op	0	0	0	0	0
70. Chief II	Op	0	0	0	0	0
71. Chief	Op	0	0	0	0	0
72. Chief II	Op	0	0	0	0	0
73. Chief	Op	0	0	0	0	0
74. Chief II	Op	0	0	0	0	0
75. Chief	Op	0	0	0	0	0
76. Chief II	Op	0	0	0	0	0
77. Chief	Op	0	0	0	0	0
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79. Chief	Op	0	0	0	0	0
80. Chief II	Op	0	0	0	0	0
81. Chief	Op	0	0	0	0	0
82. Chief II	Op	0	0	0	0	0
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84. Chief II	Op	0	0	0	0	0
85. Chief	Op	0	0	0	0	0
86. Chief II	Op	0	0	0	0	0
87. Chief	Op	0	0	0	0	0
88. Chief II	Op	0	0	0	0	0
89. Chief	Op	0	0	0	0	0
90. Chief II	Op	0	0	0	0	0
91. Chief	Op	0	0	0	0	0
92. Chief II	Op	0	0	0	0	0
93. Chief	Op	0	0	0	0	0
94. Chief II	Op	0	0	0	0	0
95. Chief	Op	0	0	0	0	0
96. Chief II	Op	0	0	0	0	0
97. Chief	Op	0	0	0	0	0
98. Chief II	Op	0	0	0	0	0
99. Chief	Op	0	0	0	0	0
100. Chief II	Op	0	0	0	0	0

Salaries for Auxiliary Teaching Positions (Continued)

Position	Education	Level				
		I	II	III	IV	V
Level III	-	18,300	18,800	19,300	19,800	20,300
Beginner	-	18,300	-	-	-	-
Teacher	-	18,300	18,800	19,300	19,800	20,300
Teacher Level I	-	18,300	18,800	19,300	19,800	20,300
Level II	-	17,800	18,300	18,800	19,300	19,800
Level III	-	17,300	17,800	18,300	18,800	19,300
Level IV	-	16,800	17,300	17,800	18,300	18,800
Level V	-	16,300	16,800	17,300	17,800	18,300
Level VI	-	15,800	16,300	16,800	17,300	17,800
Level VII	-	15,300	15,800	16,300	16,800	17,300
Level VIII	-	14,800	15,300	15,800	16,300	16,800

Note: Workers will be classified to professional steps in keeping with the complexity of the job and work responsibilities in the case of drivers, account will be taken of the type of vehicle driven, as well as the level of qualification of the Ministry of Labor and Social Protection.

Serbian Church Accused of Continuing Crimes
all CHRONICA Issue 12 (1992) and a Document File
in Serbo-Croatian 9 May 92 / 3

Report by I. Mitrovic: "Denial of Crimes"

[Serb] The Serbian Orthodox Church proves its daily practice in extreme involvement in the Serbian occupying politics in Croatia. Bishops Lukijan and Nikolic formed the congress of Dalj and Erdut, and in Lora, between Samograd and Vukovar, the Serbian Orthodox Patriarch Pavle did the same a few days ago. Up to World War II, there had not been one Orthodox or Serb in Lora. It was only with the politics of colonization of the new Yugoslav authorities that the Serbo-Croatian [orthodox] and [Orthodoxization, [protestantization] of Lora began. A one-way road brought Serbs from Erdut to the ruins of the ruined German families.

In the present day war against Croatia, the Serbian campaign with the help of the Serbian Army, conquered Lora, and "cleared" it of Croats. There is not a single Croat there now: they have been either killed or banished. Serbs have moved into Croat houses, and now they enjoy the fruits of the work of Croat hands. The Serbian Orthodox Church denies this is normal and does not consider such violence as unacceptable from the Christian viewpoint of morality. The morals of the Serbo-Croatian and their church have fallen very low indeed.

To ensure that Lora is even Serbian and Orthodox in appearance, the Catholic Church has been ruined to the ground. The main street has been given the name of St. Sava. Three Croatian houses have been demolished in the center, and in their place foundations have been laid for the Orthodox Church of St. Sava. The other day these foundations were blessed by Patriarch Pavle, a man with a kind face but a cruel heart. With this act he blessed the Church crimes in Lora. It is a disgrace that this should be done by a Christian dignitary in today's Europe.

When the Serbian Orthodox Church is visiting everything Catholic and Christian in Croatia (and the Zagreb and Ljubljana archbishops Jovan Pavlovic says in the magazine PRILIKI, a CHRONICA had the church "have the influence in Zagreb and Croatia") he will find, even under the terms of Maria Theresa, the Orthodox refugees have been concentrated in Croatia, and that is all the case. In 1711 the Orthodox congregation Maria near Zagreb was destroyed, and that marked the beginning of the purge of Orthodox from Croatia, or in Serbian Mitrovic's words.

The Yugoslav Catholic agency, KATHOLIK, carries the story, adding that Mitrovic's words and that "the current defined the enemies of our people with violence" and that the Serbian Orthodox Church condemns "all crimes alike, regardless of who commits them or to which religion he belongs." "We demand retribution from the crimes committed by Serbs, even more so because they are members of our church. Such acts were never blessed by the church, never compensated, and never forgiven by the church," said Mitrovic's archbishop Jovan Pavlovic in conclusion.

It is not to hear each word, but it would be better to see how effective they are. They do not seem to have a great effect on Serbian Orthodox bishops. The Dalj bishop Lukijan even asked the Church (Bishop Nikolic) to red Dalj and Vukovar of Croats and Catholics. The Catholic Bishop Nikolic gave his blessing to the church in Erdut and dedicated it to the 100th anniversary of the Patriarch Pavle blessed the foundations of an Orthodox Church on the grounds of a Church crime.

The Croatian Church condemnation is very strong across the continent of the South on 11 March 1992 in the Zagreb and of the Orthodox archbishops and mitropolitans. Such crimes and wars against Catholic holy buildings in Croatia have never been condemned by the Serbian Orthodox church, after that exposure the Holy Synod of the Serbian Orthodox Church decided to move the seat of the Zagreb-Ljubljana diocese from Zagreb to Ljubljana.

Hungarian-Serbian Education Law Draft

AGENCE FRANCE PRESSE BELGRADE 1991, 67
in *Hungarian* 6 Apr 92 p 1

[Letter by László Gábor Szabados including interview with Dr. Zoltan Varga, parliamentary representative of the Democratic Community of Hungarians in Vojvodina; place and date not given: "Vojvodina: Eighty Percent May Be Excluded From Instruction in Their Mother Tongue"]

[Text] The Education Committee of the Serbian House of Representatives last week discussed a draft bill on education and, after lengthy deliberation—whether to abolish the right of minority education or to leave everything as is—it took the position that the high school curriculum and program should be taught in the Serbian language, but an exceptional case the government could authorize teaching in a foreign language as well. Thus, Serbia's nationalists, the Albanian population of two million and the Hungarians of Vojvodina (Vojlovina), could have their own high schools only if the government has a benevolent attitude toward them—or if the parliament of the republic does not pass the bill. However, in view of the parliamentary voting mechanisms, there is little chance for the latter.

Dr. Zoltan Varga, parliamentary representative of the Democratic Community of Hungarians in Vojvodina, who took part in the committee's work, said the following of the draft bill:

"Sections 4 and 5 of the draft bill are the most debated ones, for they state that the language used in high schools must be Serbian, although part of the curriculum may be taught in a foreign language. And, in those areas of the Serbian Republic where the language of a national minority is in official use, the curriculum may also be taught in the language of that minority, i.e., in two languages. This means that Hungarian high school students in Vojvodina would study only part of the curriculum in the Hungarian language. There already was such an experiment in the late 1950's, but it was discontinued after five years because they realized that, although the students became more familiar with the Serbian language, their level of general knowledge was far below that of those studying in their native language."

[Gábor] As an expert on education in the Serbian and Hungarian languages, having written three textbooks that currently are in use for Southern Slavic students to study Hungarian, what modifications did you submit?

[Varga] I proposed that bilingualism be abolished because Section 5 also states that teaching in the native language may only take place in high schools and in secondary schools of the arts. In practice, 80 percent of Hungarian youth would be excluded from instruction in their native language. I am referring here to students in special secondary schools and trade schools.

[Gábor] In my knowledge, an absurd situation developed, namely, that the government also submitted modifications to its own proposal.

[Varga] Since the two sections mentioned elicited a lot of criticism, the government also looked into the matter and

submitted a total of 23 (!) modifications to its own draft bill. It proposed significant changes. It promotes instruction in the native language not as a mere option, but states that it should now be implemented, and it does not limit it to high schools and secondary schools of the arts, but simply mentions secondary schools. Had the Education Committee appreciated the government's position, instruction in the native language would remain the same as before.

To my surprise, however, it was precisely the Democratic Party led by Dragoljub Mijatovic, and Vuk Draskovic's Serbian Renewal Movement, the most significant opposition parties—it is worth mentioning about the Serbian parliament that almost 280 of its 290 representatives are members of the Serbian Socialist Party, which is the government party—which tried to argue that unified Serbia has no place for high school instruction in the languages of nationalities. As a result, the committee decided at its last meeting that the aforementioned Section 5 must be voided, i.e., high school instruction in the languages of minorities must not be regulated at all, which unequivocally means its abrogation. Their only "consensus" was to leave the authorization of instruction—in whole or in part—in a foreign language up to the government. Thus, high school instruction in Hungarian was placed on the level of instruction in English, German, or French, which is sporadically maintained in some high schools.

The Hungarian language has become a foreign language in the native land of the Hungarians of Vojvodina. When I raised the question to Serbian Socialist Party representatives whether I myself, parliamentary representative Zoltan Varga, am also a foreigner in this country, they replied that of course not, but the language I speak is foreign indeed! There was nothing else for me to do but to leave the committee, for I felt that, despite the efforts I have taken for half a century in the interests of this multilingual community's coexistence, I am being considered a foreigner in my own native land.

[Gábor] In your assessment, what are the chances that parliament will not pass the draft bill?

[Varga] The House of Representatives will have the last word. But everything depends on the individual factions' position prior to the plenary session.

If the government wants to have its own proposal implemented, it can instruct its parliamentary faction, enjoying a two-thirds majority, accordingly. In view of the public sentiment and the attitude of parliamentary representatives toward the nationalists, I can say that if the government fails to take any measures, then the committee's proposal will be unequivocally approved and a law that is unique in present Europe will be passed. And that I consider cultural genocide.

Conflict Among Serbian Nationalist Parties

AGENCE FRANCE PRESSE BELGRADE 1991, 67 in *Serbia-Croatia* 1-30 Apr 92 p 22

[Article by Dragan Isanovic: "Conflict on the Right"]

[Text] Milosevic's liking for Seselj ("he is financially independent of foreign countries and consistent in expressing his political opinion") is more than courtesy. Whether it is also an indication of a new restructuring in the political arena of Serbia will soon be seen. In any case, this slightly shocking reply by the president to the question "which opposition leader do you respect most" cannot be taken out of the context of our general situation. Its hidden meaning should also be sought.

With this kind of traditional opposition, Milosevic can be calm without much fear for the near future. The meeting of 9 March showed a decline in the prestige of the major opposition parties (above all, the Serbian Renewal Movement and the Democratic Party); various surveys also confirmed this, but it also showed mutual disagreements which have recently broken out among members of the opposition. In addition, the opposition parties which are oriented toward authentic middle-class alternatives are still far from having any significant public influence. Hence, from this aspect, Milosevic, regardless of the fact that the standing of the Socialist Party of Serbia is no longer as great as it was, is not only not threatened personally, but in fact would have no reason "to change anything in his policy."

A possibly stronger blow to his position threatens to come from other areas. A recent television broadcast of Bishop Atanasija Jevtic and its far-reaching response among the public is new proof that the only force capable of threatening the stability of Milosevic at present can originate in the very lap of the rightmost nationalist movement which the president himself, after all, nurtured. The bishop's categorical demand that the president leave as soon as possible, and, above all, the bitter words of judgment, unusual for a spiritual father, far exceeds that which is heard from the opposition themselves.

Accustomed to attacks from various sides, Milosevic, of course, would not have to be overly worried only because of this. But in the television broadcast there was much more than simple discordant verbalism.

According to testimony of the producers of this [television] program, there have never been fewer telephone calls in the history of this popular program. They said viewers "were breathlessly" listening to the talkative bishop, not wanting to lose even one word by being detained on the telephone. Some, "saddened by the fate of Serbians," discovered healing catharsis in his speech; others, weighed down by confining national conditions, found new hope for their nation. This was that rare and happy moment for a speaker when the barriers between him and the audience, or at least a good part of the audience, are erased, and full identification between the two arises.

One could freely say that no public speech has so forcefully stirred up national emotions since the anti-democratic revolution. Judging from viewers' reactions, Milosevic now represents the old age and decrepitude of this national movement. The bishop is its renewing youth. In the name of this, the bishop not only disputed [Milosevic's right to] the presidential chair but, above all, the right to further

carry the banner of national remembrance. Into whose hand should this banner now pass and who can return power and freshness to the tired national movement?

The bishop did not explicitly say, but even so, Milosevic has adequate reason to fear serious danger which can darken his horizon and spoil political ambitions. Is it because of this that Milosevic (in order to prevent the predicted blow) is now flirting with Seselj, sending him messengers about a public alliance which up to now, according to many witnesses, existed only secretly? And something else, of course, is much more important: How will the Serbian public respond to these challenges of restructuring on the nationalist right? Does it want again to give itself to the hopeless illusion that the broken "Serbian case" can, nevertheless, be repaired, although at the price of further extremist behavior and perhaps prolongation of the war (in the latest situation in Bosnia accidental)? Or will it come to its senses from the obvious senselessness of victims lost up to now, and the knowledge that we are the only ones in the entire European area still hopelessly lagging behind on the road to democratic renewal (victory of the Democratic Party in Albania)? This is the fateful choice before which the Serbian public now finds itself.

King, Composition of Crown Council Scored

BELGRADE BALKAN EKSPRES
in *Serbo-Croatian* 1 Apr 92 p 22

[Article by Vuk Obradic: "Did the King Deceive the Serbian Renewal Movement?"]

[Text] Recently in London, Prince Aleksandar Karadjordjevic named a Crown Council (as of now, he has named 13 of the planned 30 members) and Crown Chamber (as of now, he has named six of the 10 members planned), as an important step toward establishing a monarchy in Serbia. The composition of the Crown Council has provoked great dissatisfaction by the opposition parties of Serbia, and primarily by the Serbian Renewal Movement [SPO]. Namely, it is strange that in the Crown Council and in the Crown Chamber there is not one member from the strongest Serbian opposition monarchist party (the SPO), which was most responsible for the fact that Prince Aleksandar came to Serbia for the first time in October 1991. One gets the impression that the SPO has been deceived by Prince Aleksandar. At the same time, at the expense of the SPO, some people from Belgrade who are not members of the Serbian monarchist opposition, or even of any opposition, received a place on the Crown Council: academician Matija Beckovic, Dr. Branko Pesic, and Dr. Pavle Nikolic, professor of constitutional law.

Recently, *BALKAN EKSPRES* wrote about Matija Beckovic, about who he is and how and why he became an academician although he has [only] a secondary-school education. M. Beckovic presents himself as a monarchist but distances himself, like the devil from the Cross, from the SPO and other monarchist parties and even from the opposition in general. Architect Branko Pesic says of himself that he is a convinced monarchist. He acts as if the St. Sava Church on Vracar and the entire Vracar plateau were his private property. And how much a believer and

member of the Orthodox Church and specialist for the Cross he is, as he says of himself, is best proved by the cross on the St. Sava Church. He defends the decision regarding this cross in pteroseology, and in this way shows that he has no sense for Christianity, for firm and logic! This cross (probably the communists and godless are behind the idea) only needs a triangle to be the Serbian coat-of-arms! There is no such cross in the country of Serbia!

It was strange and suspicious to everyone that architect B. Pesic just before 9 March 1992 officially asked Patriarch Pavle that the St. Sava Church be protected from demonstrators and that the Liturgy and memorial service for victims of the war and of last year's 9 March demonstrations be held in the small St. Sava Church and not in the large church. Did architect B. Pesic in this way want to suggest to the Serbian public, especially to the Serbian church and Serbian believers, that participants in the 9 March 1992 opposition meeting will be an irresponsible, godless mob that will demolish and desecrate the St. Sava Church? Many people have connected such behavior by B.

Pesic shortly before 9 March 1992 with his membership on the Crown Council of Prince Aleksandar!

In regard to Dr. Pavle Nikolic, professor of constitutional law in Belgrade, suspicion was based on the fact that he was one of the advocates of the 1954 Constitution, which ruined Serbia, in contrast to Professor Mihailo Djuric, who was a victim of his own just struggle against this constitution! The opposition parties of Serbia were also greatly amazed that Prince Aleksandar did not accept the suggestion of the opposition that Branko Mihailovic, son of Dr. Mihailovic, be named to the Crown Council or the Crown Chamber. It appears that Prince Aleksandar, in desiring to flatter all parties in Serbia, even the communists, and all Serbs and national minorities in Serbia, decided to be a non-partisan and all-partisan prince, or king, although this was to the detriment of the SPO, the most monarchist and strongest opposition party in Serbia, which is responsible for the present successful promotion of Prince Aleksandar in Serbia! But, because of such conduct, it could happen that Prince Aleksandar might lose the support of the SPO, and it will end according to the folk saying: "He who plants pumpkins with the devil..."

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DATE FILMED

1 June 1992